FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Ethiopia: Mengistu's delicate balancing act, Page 11

NEWS SUMMARY

GENERAL

Optimism as UK pit strike weakens

About 300 UK miners returned to work for the first time since the coal strike began 10 months ago and four pits began producing coal.

The figures, significantly higher than those registered before the Christmas break, are privately seen by the National Coal Board as encouraging and auguring well for a "surge back" next week when the holiday period ends.

At the same tim the British Steel Corporation is likely to reduce considerably its purchases of UK-produced coking coal once the strike is over, and buy more foreign coal. Page 12

Greenland quits EEC

Greenland will become the first country to leave the EEC on February 1. The move reflects the wish by inhabitants, mainly native Inuits dependent on fishing and hunting, to control their own fishing grounds. Page 2

Singapore Cabinet

Singapore's Cabinet was sworn in. First Deputy Premier and Defence Minister Goh Chok Tong, 43, a U.S. educated economist, emerged as likely successor to Premier Lee Kuan Yew.

Clark to resign

William Clark, a controversial figure during President Ronald Reagan's first term in office, is to resign as Secretary of the Interior. Page 4

Missile crashes

A Soviet tactical cruise missile flew over Norway last Friday and possibly went down in Finland. It was thought to have been fired from a Soviet submarine in the Barents Sea during a naval exercise.

Troops plan

Norway is drawing up plans to slash its UN peacekeeping force in Lebanon to a minimum unless Lebanon and Israel reach a security agreement.

E. Germans give up

Seventeen of 57 East Germans squatting in West Germany's embassy in Prague to try and win a passage to the West gave in and left the building.

Refugee killed

Masked gunmen shot dead a Palestinian after taking him from a refugee camp near Sidon, south Lebanon.

Philippines killings

Unidentified gunmen killed a mayor, three bodyguards and the three-year-old son of a provincial governor, who was seriously injured, in the northern Philippines.

Sanctions call

Nobel peace prize winner Desmond Tutu called for economic sanctions against South Africa unless conditions for the country's black population improved within two years.

Ethiopia toll

Somalia said Ethiopia lost 200 troops and many were wounded in an attack on Somali defences around the western garrison town of Balambale.

Terrorist revival

The Red Army Faction, West Germany's left-wing urban guerrilla group pronounced dead last summer, is thought to be behind about 12 bomb and arson attacks. Page 2

Beards banned

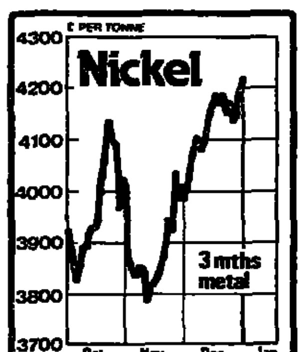
Police in Ostend are to be ordered to shave off their beards because they could catch fire or be set alight by criminals.

BUSINESS

German shares at peak levels

FRANKFURT shares reached an all time high amid investor hopes that the strength of the dollar will provide a boost for West German exporters. The Commerzbank index put on 10.5 to 1,118.4 Amsterdam shares were also at record levels with the ANP-CBS General index recording its largest ever one day rise of 4.7 points to 186.6. Section II

WALL STREET: The Dow Jones industrial average closed down 12.7 at 1,198.87. Section II



NICKEL and tin prices rose to record levels on the London Metal Exchange, encouraged by sterling's fall against the dollar. The three-months nickel quotation gained £35 to £4,217.5 a tonne. Page 26

DOLLAR rose to record levels in London, closing at DM 3.173 (DM 3.154), SwFr 2.617 (SwFr 2.602), FFr 9.705 (FFr 9.645) and Y251.75 (Y251.55). On Bank of England figures the dollar's index rose to a high of 145.7 from 145.0. In New York it was DM 3.1788, SwFr 2.6250, FFr 9.7225, Y251.95. Page 27

STERLING was weaker in London, falling 1.05 cents against the dollar to an all-time low of $1.1395. It also declined to DM 3.645 (DM 3.65), FFr 11.16 (FFr 11.17), SwFr 3.005 (SwFr 3.015) and Y289.0 (Y291.5). The pound's exchange index fell 0.5 to a record low of 72.5. In New York it was $1.1450. Page 27

GOLD lost $3.50 on the London bullion market to finish at $305.50. It was also lower in Zurich at $308.35. In New York the Comex Febrary settlement was $304.20. Page 26

LONDON equities were lower amid concern over rising short-term interest rates. The FT Ordinary index fell 11.9 to 940.4. Gilts were marked lower. Section II

HONG KONG shares moved strongly ahead, boosted by optimistic forecasts for the economy in the year ahead. The Hang Seng index added 20.36 to a 2½-year high of 1,220.74. Section II

ISRAEL's commercial banks face further problems over the 1983 collapse of bank shares as customers launch legal action to recoup lost funds. Page 3

PHILIPPINES withdrew the privilege of foreign investors to own up to 100 per cent of local enterprises. Page 3

YUGOSLAVIA has been urged by the OECD to step up its fight against inflation, which is threatening the Government's economic stabilisation programme. Page 12

THE RECEIVER handling the affairs of Saléninvest, Sweden's largest shipping group before going bankrupt last month, is attempting to save the profitable portions of the group's dry cargo and tanker operations. Page 19

SIME DARBY, the Malaysian conglomerate, expects pre-tax earnings to fall to 195m ringgit ($81.5m) for the current financial year, compared with 214m ringgit in 1984. Page 19

We regret the latest London Stock Exchange prices were not available for this edition due to a computer failure.

Midland Bank hit by unforeseen new loss at Crocker

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

MIDLAND BANK suffered another blow yesterday when Crocker National, its ill-fated California subsidiary, revealed that worsening loan problems had forced it into further losses of $215m in the last quarter of 1984.

Crocker's losses for last year now amount to $324m, among the largest recorded by a U.S. bank.

Midland said that the setback would have a severe impact on its own earnings for 1984, although it declined to quantify them. On the London Stock Exchange, Midland's shares fell to 345p, down 28p from Monday's close of 373p.

Midland sought to limit the damage of the largely unexpected news to the financial markets and its own shareholders, however, with a string of parallel announcements. The company:

- Pledged to hold its 1984 dividend.
- Said it had invested another $250m in Crocker to boost its capital resources and had made available to it more than $100m in inter-bank credits to help to finance its operations.
- Said it would pursue efforts to buy up the remaining 43 per cent of Crocker, although at a lower price than it offered in negotiations concluded only ten weeks ago.

Sir Donald Barron, Midland's chairman, said that Crocker's latest losses had been caused by existing loans which had been reappraised in the light of California's tough economic conditions, rather than by new loans. He blamed the slump in the U.S. cereal and wine industries, and the fall in property values caused mainly by oil company sell-offs, all of which had hurt Crocker's customers.

The situation worsened rapidly in the final weeks of 1984, he said, and a decision was taken to write off $253m of loans and raise $326m of provisions for possible future losses. Crocker now has a $300m cushion against any further bad loans.

Sir Donald said all that "will clear the decks for the future and give us confidence that we can go forward with Crocker."

Midland's injection of new capital takes the forms of a $250m issue of convertible preferred stock which, with other funds advanced by Midland, will boost Crocker's capital by $400m and enable it to meet the more stringent standards demanded by the U.S. authorities.

The losses will affect Midland's own capital position, however. Mr Michael Julien, the group finance director, said the ratio of "free capital," a key measure of a bank's strength, had fallen. Midland was investigating ways of rebuilding it, possibly with an issue of convertible loan stock and by selling off subsidiaries where it did not have full management control.

The Bank of England has approved all the measures but is clearly anxious to see Midland in better shape.

Midland has also reduced by about $50m the $275m offer it made to holders of the 43 per cent minority in Crocker at the end of October. It has lowered the value of the paper with which the deal is to be financed, and cancelling a $3 share bonus that was to have been paid depending on Crocker's performance. The new terms must still be agreed by Crocker's and Midland's shareholders.

Sir Donald said it was essential that Midland allied itself more closely with Crocker, despite the losses, if it was to succeed as an international bank. There was no question of selling out.

City analysts calculated yesterday that Crocker's losses will wipe out nearly all of Midland's expected earnings in the second half of 1984. Most of them predicted that Midland would make £80m ($90.4m) to £90m pre-tax for all of 1984, of which £70m was earned in the first half.

France to lose 100,000 jobs in first half of year

BY DAVID MARSH IN PARIS

APPROXIMATELY 4,000 jobs a week are likely to be lost in French industry in the first half of 1985 as companies continue to cut back on labour to increase efficiency, says a New Year forecast on unemployment from Insee, the government statistics institute.

With industry shedding 214,000 jobs during 1984, the pace of cuts is likely to be maintained at about 100,000 in the first six months of this year.

The sharpest 1984 run down came in manufacturing, which lost 140,000 jobs – no great change in the trend is expected for 1985.

Pessimism about jobs was underlined yesterday as the first redundancy letters were sent out to 300 employees at the Paris headquarters of the liquidated Creusot Loire engineering concern. It was also reflected in an unusually sombre front page article in Le Figaro, the right-wing daily, which published an opinion poll indicating that 52 per cent of the population believed 1985 would be a bad year and 48 per cent thought unemployment would rise to between 2.5m and 3m.

According to Insee, unemployment, currently at 2.4m, will grow to almost 2.5m by mid-1985, even taking into account Government measures to stabilise youth unemployment.

The inability of the rest of the economy to produce enough jobs to compensate for cuts in industry was illustrated by a rise in service sector employment of only 28,000 last year. Job creation in the sector is forecast to accelerate slightly to about 17,000 in the first six months this year.

Insee noted that last year the sectors hit by job cuts were in intermediate goods, particularly steel and construction equipment, and in the car industry. Big cuts were made in textiles and clothing, leather and footwear and in wood and furniture.

Overall investment last year recovered – showing a 0.5 per cent increase in real terms – after three years of decline, Insee said. Compared with the 1979/80 recovery, however, the pick-up was much more localised and weaker.

Partly because of better company results and a moderate prospect of higher demand, investment rose by 9 per cent in the competitive industrial sector, but fell in services, building and construction and in the large nationalised enterprises.

Another report, from the Crédit d'Equipement des Petites et Moyennes Entreprises, the small business financing body, showed that the balance of overall company start-ups and bankruptcies was unfavourable last year.

UK miners' strike, Page 12

Nigeria expects fall in imports by one third to five-year low

BY TONY HAWKINS IN LAGOS

NIGERIA'S imports will fall by at least a third this year to N3.15bn ($3.16bn), the lowest level for at least five years, Dr Onaolapo Soleye, the country's Finance Minister, said.

The minister was briefing businessmen yesterday on the 1985 Nigerian budget presented on Tuesday by Major General Muhammadu Buhari, the head of state.

Nigeria has set a gross domestic product (GDP) growth rate target of 1 per cent for 1985, after three years in which real output has fallen.

Dr Soleye said that the Government hoped to restrict inflation to 30 per cent during 1985, and intended to increase the country's external reserves, which stood at N1.1bn last October, by N200m.

The sharp contraction in imports has adverse implications for manufacturing industry in Nigeria, which is heavily dependent on imported inputs. British manufacturers, whose exports to Nigeria were worth £700m ($791m) in the 11 months to November 1984, will also be hard hit.

Dr Soleye said that N3.5bn, or 44 per cent of forecast 1985 exports, would be needed to service external debt and that N1.1bn was needed for invisible imports.

The Nigerian Government has pegged its foreign exchange budget at N8bn, a reduction of over 40 per cent on 1981 levels.

The minister also released some of the most detailed information yet published on Nigeria's foreign debt position. He said that while external loan commitments totalled N19bn, total drawings of medium and long-term debt amounted to only N10.3bn, to which must be added the N4.7bn of open account trade arrears.

After taking account of repayments Nigeria had medium and long-term foreign debts of N7.9bn, as well as the N4.7bn of open account uninsured trade debt and an undisclosed amount of insured open account debt.

Although Maj Gen Buhari said in the budget address that there would be no external borrowing for new projects this year, the Finance Minister softened this stance, saying that exceptions were being made for projects that were "absolutely essential." World Bank and bilateral loans would be used for agricultural and agro-allied projects.

Details of the budget estimates for 1985 show that Nigeria will spend more than 16 per cent of its total N11.3bn budget on debt servicing.

Dr Soleye gave details of the new levy on air tickets payable by people travelling to destinations outside Africa. The levy, which takes effect immediately, has been set at N100 per ticket.

Coleco to abandon computer market

By Paul Taylor in New York

COLECO, the once high-flying U.S. Cabbage Patch dolls, toys and video-games manufacturer, said yesterday that it planned to abandon the home computer market which it entered 18 months ago. The company said it would report "substantial" losses for the fourth quarter and the year as a result of the decision.

The move to stop manufacture of the cut-price Adam home computer, which has been plagued with problems, shipment delays and poor sales, had been long expected on Wall Street, where the Hartford, Connecticut, based company's stock has fallen from a peak of over $65 a share in 1983 to less than $20 a share recently. Yesterday Coleco's share price jumped $2¼ to $14⅞ on the news.

Industry experts warmly welcomed Coleco's move. Mr David Leibowitz, an industry analyst with American Securities, noted that Coleco's decision was good news for investors because it would stop the lawsuits angry shareholders had filed against the company and "eliminate one of the largest, if not the largest, potential liability for Coleco's balance sheet."

Coleco, which until yesterday had strongly denied rumours that it was about to become the latest in a series of manufacturers, including Warner Communication and Texas Instruments, to abandon the fiercely competitive and recently sagging home computer market, said it would concentrate on its core toy business and on still-booming Cabbage Patch kid doll sales, which accounted for $500m, or over 60 per cent of its estimated sales, last year.

The company, which recently reduced the Adam system price from $650 to $450 for a system including word processing software, a printer and a tape storage device, said it had reached an agreement to sell its inventory, including hardware, software and peripherals, to an unidentified U.S. retail chain for an undisclosed sum. It will be paid in instalments with a final settlement in early 1986.

As a result Coleco, which reported a 1983 net loss of $7.4m on sales of $596.5m, but which had managed to post net earnings of $13.4m on sales of $534m in the first nine months of 1984, despite the drain caused by the Adam system, said it would report losses in the 1984 final quarter and full year. The company said that it expected to report 1984 sales of more than $800m, with more than 80 per cent derived from its toy segment.

In a letter to shareholders Mr Ar-

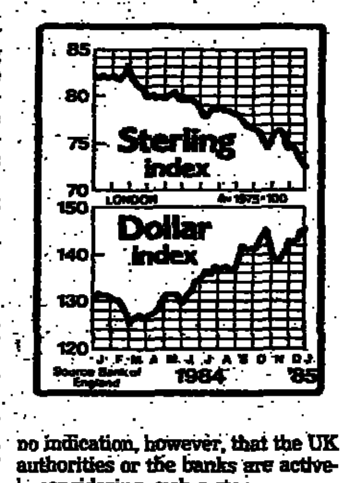
Continued on Page 12

Dollar surges in Europe to record highs

BY OUR ECONOMICS STAFF

THE DOLLAR advanced to new highs in Europe yesterday, closing at record levels against sterling, the D-Mark and the French franc. Closing levels were slightly below the day's trading highs, reached in early afternoon when dollar fever was at its peak.

The dollar finished in Frankfurt at an 11¾ year closing record DM 3.1740 – the highest since floating exchange rates began in March 1973. In Paris it ended at an all-time high of FFr 9.7125 and in London the sterling closed at a record low of $1.1485.



The dollar's Bank of England Index against a basket of other currencies rose by 0.5 per cent in London yesterday to 145.7. The record is 12 per cent higher than a year ago and 24 per cent higher than on the first day of trading in 1983.

Sterling was lower against other leading currencies, with the Bank of England's sterling index falling by 0.7 per cent to 72.5 (1975=100). That represents a depreciation of 12 per cent over the last 12 months and 8 per cent over the last six months. Sterling's overall value has fallen by 2.7 per cent since the beginning of December.

The pound's weakness reflected continued anxiety in the foreign exchange markets about whether the present level of oil prices would be sustained.

Sterling's weakness helped to raise UK money market interest rates to levels which would be consistent with a rise in clearing banks' base lending rates. There is no indication, however, that the UK authorities or the banks are actively considering such a step.

The London three-month Interbank lending rate rose by ¼ point to 10 1/16 per cent, even though three-month Eurodollar interest rates were 1/16 of a point easier at 8⅝ per cent.

The dollar's strength appeared mainly to reflect speculative positions which were being taken in the market on the first day of extensive trading after the Christmas and new-year holidays.

Traders said the general view was that as the U.S. economy was expected to show continued moderate growth this year, the prospects for U.S. interest rates were thought to be pointing up rather than down.

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Currencies, Page 27

Bonn trade surplus soars to DM 55bn

BY RUPERT CORNWELL IN BONN

WEST GERMANY'S 1984 trade surplus, at almost DM 55bn ($17.4bn), will shatter the annual record according to provisional calculations by the Federal Statistics Office.

Official complete returns for 1984 will not be available until the end of the month, but the estimate of a DM 54.9bn surplus of exports over imports, confirmed yesterday by a statistics office official, easily surpasses the peak of DM 51.3bn for 1982 and eclipses the DM 42.1bn surplus of 1983.

A record for 1984 has been likely since the massive monthly surpluses of DM 8.8bn in October and DM 7bn in November. December, traditionally a buoyant time for foreign trade, was never likely to witness a serious reversal of the trend.

The estimated figures for 1984 underline the extent to which West German exporters are benefitting from the combination of minimal domestic inflation and an undervalued currency.

That has already shown in the big increase in foreign orders reported by companies across a wide spectrum of manufacturing industry. In turn, that bodes well for prospects of growth in gross national product and exports in 1985.

Despite cautionary warnings

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EUROPEAN NEWS

W. German guerrillas reappear

BY PETER BRUCE IN BONN

THE RED ARMY Faction (RAF), West Germany's self-styled left-wing urban guerrilla group, pronounced dead last summer after the arrest of four leading members, is showing signs of at least a partial revival and is thought to be behind some 12 bomb and arson attacks on military and commercial targets in the past three weeks.

The group yesterday claimed responsibility for a blast at a French Embassy annexe in Bonn on New Year's Eve, and a U.S. military intelligence office in Düsseldorf a day earlier.

No one was hurt, though damage is thought to amount to more than DM 15m (£3.8m). Siemens and AEG facilities have also been attacked.

The authorities are playing down the attacks, which, according to notes signed by the faction are aimed at persuading the Government to put some 37 convicted and suspected terrorists together in one prison.

Herr Peter Boenisch, the Government spokesman, has called the group's politics, directed mainly against the U.S. military presence in Western Europe (and, more recently Washington's policies in Central America) "stupid and foolish."

Independent observers, however, are warning that the attacks might signal the start of a serious terror campaign by what remains of the Faction.

Before the arrest of the four Faction leaders last year, West German security authorities estimated the hard-core membership at little more than 10 people, with around 100 active sympathisers.

Herr Boenisch said he did not believe the present spate of activity was being financed from outside the country, although he revealed that the explosive used in an attack on a Nato officers' school in Oberammergau on December 18 had been stolen in Belgium.

Italian police hunt second blast suspect

BY JAMES BUXTON IN ROME

ITALIAN MAGISTRATES investigating the bomb explosion which killed 15 people in a train on December 23 yesterday released a description of a second man who is suspected of having been involved in the outrage.

The man, aged between 40 and 45, and wearing a beret, is said by surviving victims of the explosion to have been last seen at Florence station in the corridor of the carriage which was later blown up. The explosion took place about half an hour afterwards as the Naples-Milan express was passing through the 12-mile tunnel under the Apennines on the line to Bologna.

The release of a description of a second terrorist suspect without an identikit picture is one of the few publicised signs of progress in the investigation of the bombing. In the days following the incident two different identikit pictures were released of another man aged about 30 who is also thought to have been involved.

The shock caused by the bombing continues to reverberate in Italian public life. In his televised New Year's Eve address to the nation President Sandro Pertini, who is 88, showed that he subscribed wholeheartedly to the widely held theory that the bombing was the work of right-wing terrorists.

He pointed to the striking fact that the train bombing was the latest of five highly lethal bomb attacks which Italy has suffered since 1969 for which no one has ever been convicted. All have been attributed to right-wing terrorists.

They include an explosion in 1974 which killed 12 people in the same tunnel as last week's act of violence and the bomb which killed 85 people at Bologna railway station in 1980.

The President also urged Italy's secret services to look abroad as well as in Italy for the headquarters of those responsible for the Christmas bombing

The President rejected criticism that has been made in the past few days of the secret services. He said that he had been told that there were now some "sound, honest" people in the services. Members of the secret services have recently been accused of attempting to put police investigators of the 1980 Bologna bombing off the scent.

At that time the secret services were directed by members of the P2 masonic lodge whose venerable master Sig Licio Gelli is thought to have been involved with the right wing terrorist bombings. After the P2 scandal broke in 1981 the services were purged.

Warning on Italian economic recovery

BY OUR ROME CORRESPONDENT

ONLY IN the next few months will it be possible to tell whether the Italian Government's recent achievements in economic management represent a genuine turnround. This is the sober warning issued yesterday by ISCO, one of the country's leading economic forecasting organisations.

The latest survey of the Italian Institute for Economic Studies (ISCO), acknowledges the achievements of the Government of Sig Bettino Craxi in getting the annual rate of inflation down from 12.8 per cent at the end of 1983 to 8.5 per cent last month. It also notes that the public sector borrowing requirement has at last stopped growing.

But it points out that Italy's inflation rate is still far higher than that of other industrialised countries and that the PSBR represents, at about 15 per cent, a very high proportion of gross domestic product. The balance of payments is roughly in equilibrium, thanks to a recovery of external demand and to control of internal demand.

ISCO expects foreign demand to fall because of the cooling of the recovery in the U.S., which it says will not be fully offset by the greater vigour of the EEC countries' economies.

ISCO says the recovery of the Italian economy which began 18 months ago has been notable for its "extreme moderateness" and will need to have lasted for about two years if Italy is to be able to cancel out the effects of the lengthy period of stagnation which preceded it.

It says that unemployment is not falling and remains at about 10.5 per cent of the labour force (equivalent to about 2.4m people). It says that about 70,000 jobs were lost in 1984.

James Buxton reports on Italy's poorest region

A gap that may be too wide to bridge

"WE ARE not planning to bridge" the gap between North and South as we did in the past by just pouring in massive sums of money which bridged absolutely damn all. We want to promote a real integration."

Other politicians may have said much the same thing as Prime Minister Bettino Craxi about Italy's most fundamental problem—the great difference between the prosperous North and Centre, and the poorer South. But Sig Craxi's Government has a unique chance to do something about it.

For the Cassa per il Mezzogiorno, the institution which has been funding development in the South since 1950, no longer exists. It was put into liquidation in the summer by a surprise parliamentary vote and the Government has to create a successor.

So far it has largely ignored the chance to correct the errors of the past. So strong is the Southern lobby, so preoccupied are the politicians with short-term survival and so low is public interest in the Southern question, that the Cassa's proposed successor, the National Fund for the Development of the Mezzogiorno looks like being the resurrection of its predecessor, with all the latter's faults.

Some of the world's best economists addressed the problem of how to develop the Mezzogiorno area after the war. The strategy was to make the area, which represents 40 per cent of the country's area and 30 per cent of its population, into a special development area, where immense investments would be made in infrastructure and farming and where special rules would attract industry. The Cassa per il Mezzogiorno was created to spearhead the policy.

No one denies that it has achieved an immense amount in enriching and transforming the South, where feudalism persisted well into this century. Roads now run along hillsides where before there were tracks, dams bring water to places where drought was almost perennial, and marshes have been drained and cultivated. The farming population has dropped from 56 per cent of the total in 1950 to 21 per cent today.

In the 1960s the emphasis switched from infrastructure to industry. But here a fundamental mistake was made. Although a little was done to encourage the growth of small industries and to try to make up for the lack of entrepreneurs, the policy concentrated mainly on building very large industrial plants.

Some, such as the steel complex at Taranto, are successful, but most were really adjuncts of the Northern economy. They failed to soak up much unemployment and triggered relatively little spin-off development; they became "cathedrals in the desert."

The 1974 oil crisis put the least viable chemical plants out of business or caused them to be abandoned immediately they were completed and in some places, shepherds graze their flocks among them.

The policy of building vast industrial plants was gradually abandone and the planners seemed to run out of ideas altogether. But the politicians still had to satisfy their clients and the lobby of big construction companies which had grown fat on public works—the Cassa per il Mezzogiorno did not put construction contracts out to tender.

So infrastructure building went on regardless. The largest port in the Mediterranean and a vast reservoir are nearing completion for a non-existent steel plant at Gioia Tauro in Calabria and there are harbours along the Ionian Sea that rarely see a ship. New roads that are miracles of engineering run between villages with only a few inhabitants. When the Cassa went into liquidation it had work in progress on 6,000 construction sites for a value of well over L3,000bn (£1.3bn).

The sudden demise in August of the Cassa, which had by then spent L94,000bn (£40bn) in 34 years, came when MPs failed to turn up to renew an existence that had become provisional since its charter formally expired in 1980.

The failure of the Cassa to bridge the gap between North and South shows in statistics showing that only 23.9 per cent of Gross Domestic Product arose in the South last year, much less than its area or population would merit. Income per head is on average 40 per cent below that of the Centre or North.

Yet this depressing picture conflicts with other figures that show that the South grew at least as fast as the rest of the country between 1972 and 1982, while estimates based on consumption of electricity — one of Italy's few trustworthy economic indicators — show that the South has lately grown quicker than the North. In other words it is catching up.

The truth is that some parts of the Mezzogiorno are flourishing, while others are decaying. The spread of small and medium sized industries which has transformed North-Eastern and Central Italy since 1960 has now reached all the way down the Adriatic coast to Puglia, in the heel of Italy.

But in other places, political inertia and organised crime have created tragic pockets of decay and deprivation.

Critics are now asking whether the successful parts of the South need the type of help the Cassa provided at all, and whether a revived Cassa—which is what the National Fund for the Development of the Mezzogiorno would be — is the right instrument to help the worst areas.

"Puglia would be better off without the Cassa pumping in money and tying up labour in useless construction," says Professor Sandro Petriccione, president of FIME, a successful state finance company for the south.

The Communist Party argues that the Governments of each region should be entrusted with the task of distributing most of the aid to the South — a proposal that Professor Petriccione and others disparage

But most critics agree that the thinking behind the new fund will only preserve the attitude of Southerners that initiatives come only from the state — an attitude that runs counter to the ethic of individual success that lies behind Italy's post-war economic miracle. "In many places in the South the peak of a man's ambition is to become the porter at the town hall," says Professor Petriccione.

It is not clear whether this is the fault of the so-called "Southern mentality" — the legacy of apathy and defeatism that seems to be the fruit of centuries of authoritarian rule—or of the shortcomings of a development policy that has in some ways been so lavish. It may even be due to the inescapable geographical fact that the South is at the wrong end of what is almost a cul de sac.

Swiss may impose fuel charges on lorries

BY ANTHONY McDERMOTT IN GENEVA

THE SWISS are threatening to impose charges on fuel in the tanks of heavy lorries entering their country in retaliation for measures by neighbouring countries protesting against the road tax which Switzerland introduced for transit traffic on January 1.

Last February, a national referendum voted in favour of two measures which affect vehicles using Switzerland's motorways.

The first, and more controversial, was the imposition of a sliding scale tax on heavy lorries and buses crossing the border. This would range from SwFr 500 ($192) for lorries weighing more than 3.5m tonnes (and buses) to SwFr 3,000 over 19 tonnes, plus an additional SwFr 1,500 for a trailer. This annual charge would bring in about SwFr 150m a year.

The second was a sticker, costing SwFr 30 a year, on all cars using motorways. The income estimated from this is between SwFr 250m and 300m of which SwFr 50m would come from Swiss motorists.

The heavy lorry tax was badly received by those of Switzerland's neighbours – France, West Germany and Italy – whose vehicles cross the country most, and by Swiss lorry drivers and countries as far away as Finland and Sweden.

France is threatening specific retaliation, and West Germany has complained that the Swiss action violates an existing bilateral transport accord. Earlier this month the main border posts, with Swiss transport company support, were blocked. More blockades are promised and it is in this context that Switzerland is reviewing a fuel tax as retaliation.

The two-pronged road charges issue has been unfortunate. On the stickers, the Transport Ministry and police are unhappy because of the problems of enforcement and administration.

The charge on lorries, it is felt, has been clumsily introduced, offending countries in the process, even though many have their own forms of road charges, especially for repaying the cost of motorway construction.

Portugal to introduce value added tax in July

By Our Lisbon Correspondent

PORTUGAL will introduce a comprehensive value added tax (VAT) system in July that companies say could aggravate their cash-flow problems and produce an initial spurt in inflation.

VAT will be levied on all goods and services at a residual rate of 16 per cent with upper and lower tariffs of 8 and 30 per cent, according to a decree-law published on Friday. The system to be adopted has been closely modelled on those used in Britain and Ireland.

VAT will replace the existing 17 per cent transaction tax together with several other stamp and other duties. It will apply to double the present number of contributors but the overall level of taxation is expected to remain roughly the same.

Portugal must implement VAT before its entry to the European Economic Community, currently scheduled for January 1 1986. The Government also believes it will provide an effective weapon against tax fraud and evasion.

Corporate treasurers here, however, are bracing themselves for a worsening of their already difficult cash-flow problems. VAT must be paid approximately two months after each transaction, whereas many suppliers consider Portuguese companies which pay within three months to be exceptional.

Portuguese VAT on imports must be paid before goods cross the frontier, further complicating already slow import bureaucracy. But the Government hope is that the medium-term impact of VAT will be to speed up money movement in Portugal and reduce business-related red tape.

More rigorous accounting requirements will push up corporate costs and an initial investment will be required to convert existing accounting systems.

Increased company costs—the lower VAT tariff will apply to electricity supplies, for example—are expected to produce a brief surge in inflation as they are passed on to the consumer. Tax experts familiar with the application of VAT in other European countries believe this will be absorbed within a year.

Turkey raises subsidised interest rates

By David Barchard in Ankara

THE TURKISH Central Bank has raised subsidised interest rates on advances to farmers, co-operatives, artisans and tradesmen.

Advances through the Ziraat (Agricultural) Bank to agricultural co-operatives will now cost 28 instead of 25 per cent while agricultural sales co-operatives will have to pay 40 per cent interest. Investment credits will cost 33 per cent instead of between 19.5 and 30 per cent previously.

The move appears to be intended to bring specialised credits slightly closer to market rates, though the new rates are still far lower than the cost of ordinary commercial loans which can be over 65 per cent annually.

The Central Bank has also ordered banks not to utilise credits against export credit bills.

Meanwhile Turkish shop-owners are trying to come to terms with a new value added tax, effective from January 1. The tax was announced in October and opposition circles claim there has been insufficient preparation. The tax, introduced in response to a shortfall in budget revenues during 1984, is expected to net around TL 500bn (£970m).

Most goods and services are being taxed at 10 per cent.

Soviet cruise missile 'violated' Finnish and Norwegian airspace

THE NORWEGIAN Defence Ministry said yesterday that a Soviet tactical cruise missile flew over Norway and Finland last Friday and then back towards the Soviet Union, **Reuter reports from Oslo.**

A ministry spokesman said the missile was spotted in northern Norway close to the Soviet border. "It flew over Norwegian territory before crossing into Finalnd," he said.

Norway, a member of the Norther Atlantic Treaty Organisation (Nato), is expected to protest in the strongest terms to the Soviet Union at the violation of its airspace.

At allied headquarters in Brussels, a spokesman said Nato had no knowledge of the incident and would await reports from the Norwegian authorities before making any comment.

Mr Frederick Bull-Hansen, Norway's defence Chief of Staff said the missile was tracked by Norwegian radar at 11.30 Gmt last Friday flying over Norwegian territory.

He said it probably came from a Soviet submarine in the Barents Sea but declined to say if Norway and Finland believed the Soviet Union was testing the two nations' defences.

It was not known if the missile, which can carry nuclear warheads, was armed.

Although it is a member of Nato, Norway has banned all nuclear weapons from its soil and airspace.

The borders of Norway, Finland and the Soviet Union meet at the northermost tip of Scandinavia, just inside the Arctic Circle. The Defence Ministry said the missile was tracked as it passed over Pasvikdalen, a small community close to the Soviet border in the Norwegian district of Finnmark.

It then flew over the Norwegian-Finnish border and into Finland before disappearing in the direction of the Soviet Union, he said.

Finland, whose 1948 friendship treaty with the Soviet Union commits it to repel attacks on its giant neighbour by other nations, has been improving its radar detection equipment on its northern borders.

Finland's air force headquarters said it was completely unaware of the incident, adding that it was up to border guards to spot infractions of Finnish airspace.

The Kola area of the Soviet Union, close to northern areas of Norway and Finland, is the home of the Soviet northern fleet, whose submarine force carries most of Moscow's second-strike nuclear capability.

Cruise missiles are in effect pilotless aircraft that can be programed to fly to specific targets, often hugging the contours of the ground to creep under radar.

Finnish President Mauno Koivisto said in a New Year message yesterday that cruise missiles were a cource of particular concern for Northern Europe and urged the superpowers to ban them or restrict their use.

President Koivisto had echoed fears repeatedly expressed by Finnish politicians that Nato cruise missiles could be aimed at Soviet targets through Finnish airspace.

General Jaakko Valtanen Finland's Defence Force Commander, sought in a radio interview today to reassure the country that the military could cope with the possible threat of cruise missiles fired by the superpowers across neutral Finland.

Barrier will protect Leningrad from floods

BY PATRICK COCKBURN IN MOSCOW

IN THE gloom and cold of the Gulf of Finland in mid-winter some 7,500 Soviet construction workers are building a 25.4km long dyke to protect Leningrad from floodwaters.

In the icy murk there is an occasional spark of light from blow torches, but the water on either side of the dyke is frozen, the temperature at noon last month was minus twelve degrees centigrade and the sun rose only briefly above the horizon.

The aim of the $1.1bn scheme is to protect Leningrad's 5m inhabitants from intermittent inundation. The city, founded by Peter the Great in 1703, has always been vulnerable to freak flood waves causing a surge in the River Neva on which it stands.

A rise of more than 1.6m above normal peak water level is enough to be regarded as a flood. The Neva and the numerous canals which intersect the city start to rise above their embankments, swamping houses, shops and factories.

Soviet officials say that there have been more than 300 floods since the city was founded as the capital of Peter the Great and Russia's window to the Baltic. The origin of the flooding lies in cyclones out to sea. These create long rolling waves which race up the Gulf of Finland pouring 100,000 cubic metres of water a second into the delta of the Neva on which Leningrad stands.

There is little margin of safety even if most of the floods are inconvenient rather than disastrous. The last really bad flood was in 1955 but Soviet scientists say that a flood of five metres more than normal is possible which would put most of the city, the fourth largest in Europe, under water.

It is to stop this, and form a barrier to freak waves, that Leningrad city council decided in 1978 to start a twelve year long project to build a 25.4km long barrage across the Gulf of Finland.

Work on the scheme started in 1980 with earth and concrete dykes being built from each side of the Gulf of Finland to Katlin Island on which stands the famous naval base of Kronstadt. The dykes will be pierced by 64 gateways, which can be shut by vast metal doors, and two shipping lanes which can also be shut in half an hour when news of a surge in the water level is received.

The eight metre high dyke will also carry a six lane highway allowing heavy lorries to bypass Leningrad.

Hungary starts wage reforms

By Leslie Colitt in Berlin

HUNGARY this week has begun to introduce managerial and wage reforms said to be the most far-reaching since its economic reform programme was launched in 1968.

In most Hungarian companies, managers are to be elected by newly-formed company councils or directly by employees.

The councils, which are being set up in some 50 per cent of Hugarian companies, represent employees and management. Their choice of managers will be subject to confirmation by the Industry Ministry.

Managers in about 25 per cent of companies, mainly small ones, are to be directly elected by employees.

The company councils resemble the supervisory boards of West German companies and will meet two or three times a year to decide on corporate strategy, investments, production changes and wages and prices. They can also propose the companies' liquidation.

The day-to-day operation of companies with councils will, however, remain in the hands of the manager.

The councils will be set up in medium-sized state companies and in large companies, except for defence establishments, so-called trusts with a monopoly of production, and in essential goods and services.

The managerial reform is to be completed in one-third of all Hungarian companies this year and in all of them by the end of 1986.

It is widely described as delegating some of the state's "proprietary rights" to the company councils with the aim of encouraging companies to assume greater responsibility for their business activities.

While monopolies such as electric power, oil, aluminium, grain and meat production are exempt from the managerial reform, it has not yet been decided what to do with iron and steel producers and other loss-making enterprises.

Simultaneously, Hungary is to permit greater wage differentials in profitable companies which, it is hoped, will attract workers away from loss-making ones.

New regulations make pay increases dependent on more efficient work while placing companies that perform poorly at a disadvantage on the labour market.

Progressive taxation on the growth of a company's payroll over the previous year is to be abolished. This is expected to remove one of the barriers preventing companies from using pay levels as an incentive to thet workforce.

Polish defendant thought Minister knew of plot

A SECRET police lieutenant testified in court on Wednesday that his superior led him to believe a deputy interior minister was aware of their plans to kidnap and possibly kill a pro-Solidarity priest, **AP reports from Torun in Poland.**

Lt Leszek Pekala took the witness stand for the third day in the trial in which he and two other secret police officers are charged with abducting and murdering Father Jerzy Popieluszko last October. A fourth officer is charged with instigating the crime.

Lt Pekala said his superior, Captain Grzegorz Piotrowski, "was able to create such an atmosphere that led me to believe one of the deputy ministers knew all about it. He never said this specifically, but I could think such a thing in the context of our conversations," Lt Pekala said.

Lt Pekala, 32, Capt Piotrowski, 33, and Lt Waldemar Chmielewski, 29, are charged with abducting and murdering Father Popieluszko. A fourth officer, Col Adam Pietruszka, from the Interior Ministry, is charged with aiding and abetting his three subordinates.

The decision to try publicly four security police officers is unprecedented for a Soviet Bloc country, and the case is considered one of the most significant in 40 years of Communist rule in Poland.

Under cross-examination, Lt Pekala said Capt Piotrowski insisted that Father Popieluszko be killed, that his body be thrown into a reservoir, and that he told the two lieutenants that a high-ranking official supported the operation and would protect them from prosecution.

● The Polish Government has devalued its currency against the U.S. dollar for the third time in a year in a continued effort to boost exports of Polish goods.

The latest devaluation of the Polish Zloty was 12.1 per cent, to 138 Zlotys to the dollar. Since January 1984, the value of the Zloty against the dollar has declined by 40 per cent.

The official Polish news agency, PAP, quoted National Bank of Poland officials as saying the devaluation was "aimed at boosting exports and compelling producers to use their hard currency imports more economically." The devaluation took effect from Tuesday.

More E. Germans quit embassy

PRAGUE – Seventeen East Germans, ending months of desperate efforts to gain direct passage to the West, left the West German embassy yesterday and boarded a train home.

The group of six women, seven men and four children appeared subdued as they filed into a second-class passenger car. About 45 other East Germans remained holed up in Prague's West German mission.

Clutching plastic bags and shouldering backpacks with their belongings, the 17 boarded the express, which had arrived from Budapest.

It was among the largest group to leave since mid-September, when the first of about 160 East Germans began crowding the ornate 18th century mission in Prague, seeking direct passage to West Germany.

Since the standoff began, East Germany has continued to insist that its citizens return home, saying they would be free to apply to emigrate upon their return.

It has promised them freedom from prosecution, but – unlike in previous similar cases – has not guaranteed they would be allowed to leave for the West.

Those boarding the home-bound train refused to talk to a reporter beyond confirming that they had just left the West German legation. There were no Czechoslovak police or West Germany embassy personnel in evidence at the platform.

All 17 seemed to be young, in their mid 20s or 30s. Asked for reaction in Bonn, a government spokesman, Herr Jürgen Sudhoff, said West Germany expected others to give up and return to East Germany in the next few days.

He refused to elaborate, in keeping with the established West German practice of minimum official comment on developments at the Prague Embassy and other West German missions within the Soviet bloc harbouring East German asylum-seekens.

Bonn sources disclosed in early November that an unspecified number of East Germans refused to leave West German embassies in Bucharest, Romania and Warsaw, Poland.

Since then, most of them have gone home. But the West Germany embassy in Budapest, Hungary, is believed to be still sheltering about 10 East Germans.

● Seven East Germans and two Poles who have been in the West German embassy in Warsaw since November 5 have vowed to remain in the embassy until they are granted asylum to West Germany.

In a letter handed to two Western correspondents, the group rejected an East German promise of freedom from prosecution if they give up their holdout and said there would be "other negative effects" on their lives if they returned home. They did not elaborate.

Reuter

Greenland to leave EEC next month

COPENHAGEN — Greenland will become the first country to leave the European Community on February 1, officials of the Arctic island's home-rule government said yesterday.

The withdrawal, which will halve the Community's land mass, will be a month later than planned. The delay was because the Irish Parliament, alone among the Ten, failed to ratify the arrangement in time for the original target date. Community officials said that this was the result of an oversight.

Greenland, which has a population of 50,000, voted to leave the Community in referendum in 1982, three years after winning partial home rule from Denmark.

The vote reflected a wish by the inhabitants, who are mainly native Inuits dependent on fishing and hunting, to control their own fishing grounds. Reuter

Israel's bank customers sue over lost funds

BY OUR TEL AVIV CORRESPONDENT

ISRAEL'S commercial banks face further problems over the 1983 collapse of bank shares as customers launch legal action to recoup lost funds.

A senior official from one of the four main banks said yesterday that dozens of customers had filed lawsuits, claiming that stock market advisers at bank branches deliberately misled them by recommending bank shares as a safe investment.

The shares' value collapsed in October 1983 when thousands of small investors, fearing an imminent devaluation of the shekel, sold off stock to buy U.S. dollars.

The shares were one of the main pillars of the Israeli economy and the Government had to come to the banks rescue with a bale-out operation costing billions of dollars.

The first lawsuit, viewed by bankers as an important test case, is being heard in a Jerusalem court. A group of Moshavim (co-operative farms) are suing Ba"k Leumi, claiming they were advised by the bank against selling their bank shares just before prices plummeted.

Bank officials say they are confident the suits will not succeed. They point out that for several years bank shares were an outstanding investment and their price rose even faster than Israel's hyper-inflation.

Earlier this week the State Comptroller published a highly critical report, attacki"g the Government and the central bank for allowing commercial banks to manipulate their shares on the Tel Aviv stock exchange.

The Government is expected to set up a judcial inquiry, which could be a prelude to criminal proceeding being brought against Government and banki"g officials.

Preliminary deployment on Lebanon coast road

BY NORA BOUSTANY IN BEIRUT

LEBANESE gendarmes tentatively probed the coastal highway from Beirut to the Awali River, from which Israeli occupying forces are expected to make a unilateral withdrawal in the near future, in a bid to assert the state's authority in the area.

A 12-man force of the "Internal Security Forces" also inspected the Iqlim al Kharroub the hill-top positions commanding the coastal road to confirm that warring Christian Phalangists and Druze militias had removed their heavy guns.

Following a delay of one month in the implementation of the Government's plan to station forces in the area, another round of fighting broke out Tuesday night, possibly placing in jeopardy a manouevre which is seen as essential to convince the Israelis of the Lebanese Government's ability to assert its authority over the border area.

A team of police commanders headed south yesterday in an exploratory mission preceding the intended deployment of a 100-man Lebanese army force along the coastal highway south of Beirut and they have been charged with preparing the way for the stationing of regular soldiers in the area on January 6.

Obeservers in Beirut are doubtful whether the security measures would proceed according to plan. Lebanon's prime minister, Mr Rashid Karami, however, announced that the execution of the security arrangements had already started.

Opposition in India told to be distinctive

By John Elliott in New Delhi

MEMBERS of India's largest parliamentary opposition party, the Telegu Desam, have been told by their leader to dress in yellow and white clothes to make themselves distinctive in the new Lok Sabha lower house of parliament which will be dominated by members of Mr Rajiv Gandhi's Congress I party. The Lok Sabha has more than 500 members.

The idea came from Mr N. T. Rama Rao, the eccentric former cinema portrayer of Hindu gods, and the chief minister of the southern state of Andhra Pradesh.

Mr Rama Rao has dressed in saffron coloured robes, normally worn by holy men, since he entered politics two years ago and founded the Telegu Desam party. He has told the 28 members of his party who have won Lok Sabha seats that they should dress in yellow and white dhotis and baggy trousers — the traditional clothes of Indian politicians are normally all white. Women MPs have been told to wear yellow saris and white blouses.

While other opposition leaders have been casting around for political liferafts since the general election Congress I landslide, Mr Rama Rao has emerged victorious. His young party, in its first attempt at a Lok Sabha election, overtook established opposition parties such as the Communists and the Janata nationally and in Andhra led a rout of the Congress I whose seats went down from 41 to six.

The result demonstrates the weakness of national opposition parties and the growth of political regionalism in the south.

Meanwhile, the state assembly in the neighbouring southern state of Karnataka was dissolved yesterday and the state is likely to come under a short spell of president's rule. Mr Ramakrishna Hegde, the Chief Minister, resigned last weekend because the Janata Party of which he is leader did badly in the general election. He hopes to increase the wafer-thin majority on which his chief ministership has been based at new state assembly elections because in Karnataka his party polled a substantial number of votes.

● The impact of governmental changes being made by Mr Rajiv Gandhi was increased yesterday when it was announced that Mr R. K. Dhawan, a special secretary in Mrs Gandhi's office had resigned.

Australia senate seat for protest party

Australia's fledgling Nuclear Disarmament Party (NDP) has gained a seat in the Senate as a result of the General Election last month, write Michael Thompson Noel in Sydney.

The Australian Electoral Office announced yesterday that Ms Jo Valentine had *won a Senate seat for Western* Australia. However, prominent NDP candidates in Victoria and New South Wales are likely to be thwarted. Final counting will not be completed for a fortnight.

Ms Valentine's election will not affect the balance of power in the Senate, which is controlled by the Democrats.

Kathy Evans reports on tentative moves towards political participation in the Middle East

Gulf leaders dip toes in democratic waters

THE recent statement by King Fahd of Saudi Arabia proposing a consultative council for the kingdom has stirred a great debate in the Gulf about democracy — or the lack of it —in the region.

The consultative council idea has long been discussed by Saudi monarchs, but nothing has ever materialised. This time, however, a building incorporating facilities for such a council is under construction in Saudi Arabia, and the idea of a national assembly, even one which is partially elected, has fallen on very fertile ground. If the kingdom goes ahead, then the green light may be given for other states in the area, it is hoped.

At present only Kuwait has any form of democracy. All male Kuwaitis are entitled to vote, and general elections are due next month when voters will choose from a selection of Muslim fundamentalists, liberals and socialists.

In the other Gulf states, traditional families still rule, in conjunction with cabinets of ministers frequently composed *of close family members. But* in the wake of King Fahd's statement about partial consultation, a ruling sheikh in the United Arab Emirates, Sheikh Sultan bin Mohammed al Qassimi of Sharjah, has now also expressed his support for a system of partial democracy.

Speaking in a private interview in his seaside palace, Sheikh Sultan said that he believed in a system of partial elections, and additional powers for the country's Federal National Council. The Council presently consists of 40 members from the different emirates, all nominated by their ruling sheikhs. The Sharjah ruler thinks the members should be elected, by citizens nominated by the sheikhs.

Sheikh Sultan appeared to be advocating only a limited form *of franchise. He explained:* "Sharjah has six representatives on the Federal National Council. I think we should choose, say, 100 respectable citizens, who will then elect the six members from among themselves. The first group would be chosen by me, bearing in mind the area they come from and their tribal affiliations."

To outsiders, such ideas may represent only a small change, but internally they could have far-reaching repercussions and represent the first challenge to the concept of Sheikhly rule. The present Council plays only an advisory role and has no power to veto legislation. Sheikh Sultan believes that the assembly should be given the power to make laws, rather than just approve them. "We should give them some authority—just to see how it works."

Sheikh Sultan . . . partial elections

Those familiar with the UAE will not be surprised to hear such sentiments coming from the Sharjah ruler. Sheikh Sultan is the most educated ruler in the Emirates and is currently pursuing a doctorate in history from Exeter University. The emirate is also recognised to be the country's cultural pacesetter and, its ruler has long lamented the emphasis on "concrete before culture" which has dominated the UAE's development policy until now.

But his ideas for partial elections in the UAE could meet opposition from the more traditionally - minded ruling sheikhs in the country. Sheikh Sultan thought that the response of his fellow ruling sheikhs would depend on how the idea was put to them.

Over the next 12 months, the debate is likely to heat up in the Emirates, for by the end of 1985 the provisional constitution of the UAE is due to expire. This constitution was written at the time of independence in 1971, and many nationals of the country, including members of the present Council are hoping that the text for a permanent constitution will incorporate some ideas for partial elections.

Sheikh Sultan said that the new draft constitution does not at the moment, and only minor changes in the method of government are envisaged. However, he pointed out that the present text allows a ruler to nominate delegates to the Council in accordance with what he considers suitable for his emirate.

Gulf rulers may also be spurred to make changes because of the recession, which has virtually halved oil incomes. Some rulers clearly feel the need to spread decision-making over a wider section of the population in the face of the painful economic decisions which lie ahead.

Sheikh Zayed, President of the UAE, has already ordered the *Federal National Council to* undertake an investigation into the economy and report its findings to the country's Supreme Council of ruling sheikhs.

It would be unthinkable for the Sharjah ruler to go ahead with his ideas for partial elections without the consent of his fellow rulers. But his statement, following that by the Saudi monarch is likely to quicken the debate about democracy.

Open-door policy cannot harm China, says Deng

PEKING – Deng Xiaoping, China's *leader, fired a New Year propaganda* salvo defending the new direction in which he is taking his country and identifying industrial change as the crucial issue for the country in 1985.

Chinese newspapers splashed the text of a key policy speech across their front pages, reassuring old comrades that China would remain socialist while marching towards a new prosperity.

"The basic things will still be state-owned, public-owned," the 80-year-old leader said.

He advocated, however, greater opening to the outside world as part of China's programme to quadruple output and turn itself into a major economic power in the 21st century.

Deng said the open policy, designed to attract overseas investment and technology, should not undermine Communism. "We cannot fail to open up, the open door policy cannot harm us," he said.

"I think some old comrades fear that after they fought all their lives for socialism, for communism, suddenly capitalism is coming back. *They cannot bear it, they are* afraid," he said.

But their fears were baseless. "It is harmless, it is harmless," he said of the open policy. Any bad ideological influences coming in could be dealt with he added.

China's isolation for nearly 200 years had made the country poor, backward and ignorant. In the 1950s, China had opened up only to the Soviet Union and Eastern Europe and later closed its doors again. As a result China had made little progress, Deng said.

If China closed its doors again, it would not be able to achieve its target of catching up with the economically developed countries within the next 50 years, he added.

Under Deng's open policy, he has declared 14 coastal cities, including Shanghai and Canton, as areas that can offer special incentives, including tax concessions *and duty-free* imports of material and equipment to foreign investors.

Deng has largely abandoned the ultra left-wing policies followed by Chairman Mao, who died in 1976.

He defended his concept of "one country, two systems" under which Hong Kong will be allowed to retain its capitalist lifestyle when Britain returns the colony to China

"When we speak of two systems," he said, "it is because the main part of China, with a population of 1bn, practices socialism. This main part is very large. It is under this prerequisite that we allow capitalism to remain in a small part of the country, since it may help develop our socialist economy." Reuter

Manila cancels investment privilege for foreigners

BY EMILIA TAGAZA IN MANILA

THE Philippine Government has cancelled the privilege of foreign investors to own up to 100 per cent of local enterprises.

President Ferdinand Marcos announced that the privilege, in effect for a one-year period that ended last month, was given to attract foreign capital during the foreign exchange crisis.

"Since the foreign exchange crisis has eased up, following the financial rescue package approved by the country's foreign creditors, there is no longer a need to renew the privilege," Mr Marcos said.

The "100 per cent privilege" was embodied in a Presidential decree that suspended for a year the law that limits foreign investors' capital in non-pioneer companies to 40 per cent. The investors' fears about the convert raw material imports into local equity in excess of 40 per cent.

Mr Roberto Ongpin, the Trade and Industry Minister, said foreign investments approved by the Board of Investments under the decree amounted to Peso 445.5m ($22.2m). This was almost equal to the Peso 494m increase in new foreign investments to Peso 2.2bn ($110m) the previous year. Most of the new investments came in the form of raw materials, supplies, unpaid foreign loans, and unremitted royalties *or dividends.*

Investors said that despite the Government claim, Filipino partners of foreign companies would continue to face difficulties finding foreign exchange to pay for their raw material imports.

S. Korea investment up

BY STEVEN BUTLER IN SEOUL

FOREIGN DIRECT investment in South Korea increased dramatically in 1984.

New investment was expected to reach $410m on an approval basis by the year end, a 53 per cent increase over 1983, according to the Ministry of Finance. By December 19, $404m of new investment had received approval.

The sharp increase was attributed in part to changes in investment laws, which liberalised rules governing the repatriation of earnings, opened more areas for investment *and streamlined the approval process* for new projects.

Of the new investments, $136m went into machinery and metal, $68m into electronics and $116m into the hotel and tourism sector.

General Motors Corporation was the single largest investor, putting $110m into two joint ventures with Daewoo Corporation, one for the manufacture of cars and another for auto parts manufacture.

Other major investors include IBM, Signetics Corporation, Nestle S.A. and Lotte, from Japan, which will build a $92.5m hotel in Pusan, *Korea's southern port city.*

Prem calls for bold austerity measures

BOLD AUSTERITY measures are needed to tackle Thailand's trade deficit before it wrecks the country's existing economic system beyond repair, Prime Minister Prem Tinsulanonda said in a New Year message, Reuter reports from Bangkok.

Government and private economists estimate last year's deficit at Baht 72bn (£266m), but expect it to narrow sub*stantially in 1985.*

Prem said if the problem was to be solved, both the Government and the people must restrain spending and live within their means. Local people should buy Thai products, and there should be a drive to promote exports, he said.

Ms Prapapim Sakuntapai from the central bank said the Government will generally retain restrictive monetary policies to improve Thailand's trade position.

She said the measures include a freeze on values of letters of credit issued by commercial banks to importers which has been extended at least to March and Government recommendations to banks to limit their local credits.

She said Thai exports, benefiting from a recent 14.8 per cent devaluation of the baht and greater export finance subsidies, are expected to increase 15 per cent to Baht 89bn this year against 2.5 per cent growth of imports to Baht 247bn.

WORLD TRADE NEWS

UK exporters fear loss of state support

BY CHRISTIAN TYLER, TRADE EDITOR

BRITISH exporters have launched a lobbying campaign to head off what they see as a cutback in Government support for their sales abroad.

The British Export Houses Association has written to Mr Paul Channon, the Trade Minister, asking him not to proceed with a reported decision to phase out some loss-making export credit insurance facilities provided by the Export Credits Guarantee Department.

At the same time, members of the Commons Trade and Industry Select Committee are being alerted to worries felt by small and medium-sized companies that cost-cutting by the ECGD will lead to loss of export orders.

The alarm has been raised by well-authenticated reports that the ECGD will cease providing indemnities for banks which extend trade credit to their customers for short-term overseas contracts.

Government officials insist no final decision has been made to phase out this service. But according to banks and export houses, the short-term bank guarantee schemes have been marked for early abolition.

A number of ECGD services are under review now that the department is showing an operating loss and is borrowing from the Exchequer to cover a large and rising cash deficit.

The select committee is due to report shortly on the ECGD's effectiveness in promoting UK exports, and is expected to challenge what many see as the Department's mutually contradictory objectives of serving exporters while achieving an annual balance on its trading account.

Smaller exporters are particularly vexed by the Government's decision not to accept the recommendation of a recent inquiry that the ECGD should be reconstituted as a public corporation with powers to *raise money in its own right*, lay off its risks, invest its profits and manage itself more like a commercial insurance company.

The decision to leave the ECGD as a Government department is now probably irreversible, but the outcry from exporters and their financial advisers could influence the final outcome of the reviews going on in Whitehall.

Calcutta plans to boost container capacity

BY P. C. MAHANTI IN CALCUTTA

THE PORT of Calcutta is building up its container handling capacity in line with recommendations by the British port of Felixstowe.

The Felixstowe port authorities were called on two years ago to examine the problems affecting the handling of goods at India's oldest major port, which has fallen on troubled times owing to its lack of modernisation.

Calcutta's port, a heavily losing operation under public administration, is basically a general or break-bulk cargo port where handling charges are the highest of any port in India.

Its lack of modern handling facilities has kept business away, leading to a steady decline in traffic and mounting losses, local officials point out.

Port officials say the containerisation programme under way will boost capacity and cut handling charges by 50 per cent over the next four to five years.

They say the immediate target is to prepare the port to handle 60,000 TEU's—a TEU, or 20ft—equivalent unit, is the standard container measurement—a year by March, 1987, from the present level of 28,000.

This first phase of the programme, which also will include building up its container freight station and acquiring new cranes and other gantry equipment, will cost an estimated Rs168m (£115m).

The second phase, set for the late 1980s, will see TEU capacity boosted to 100,000.

Babcock set for Egypt mining contract

By Tony Walker in Cairo

EGYPT expects to sign early this year an agreement with Babcock Contractors of the UK for the British company to oversee a development of more than £50m of its Maghara coal mine in the Sinai.

Mr Timothy Raison, Britain's Minister for Overseas Development, said in Cairo that the Egyptian official responsible for Maghara had assured him the project was being given priority and an agreement would be signed soon.

Babcock Contractors, a division of Babcock International, completed a feasibility study on the mine in 1982 and has been negotiating with Egypt for the past several years an agreement to oversee its development.

Mr Raison discussed the mine project with Mr Abdel Hadi Qandil, Egypt's Minister of Petroleum and Mineral Wealth. Mr Qandil said Egypt aims to conclude an agreement with Babcock by the end of January.

Mr Raison, who met several Cabinet Ministers as part of a review of Britain's aid programme in Egypt, said he was satisfied good progress was being made on a number of projects in which there is a British interest.

These include the development of a phosphate mine in Upper Egypt and assistance with an electrification project in Egypt's north-west.

Funding for "reconstruction" of the Maghara mine, destroyed in the 1967 war with Israel, will be provided under a mixed credit scheme. A total of £40m of UK grants and credits from the Export Credits Guarantee Department is being made available for the project, the foreign exchange costs of which are expected to exceed £50m.

Maghara, located 120 km south-west of El Arish in the Northern Sinai, is believed capable of producing about 600,000 tonnes of sub-bituminous coal annually, suitable for blending with imported coal for use in Egypt's steelmaking operations.

The coal could also be used for power generatio

Under terms of the UK aid package being offered to Egypt for the renovation of the mine, British manufacturers would be guaranteed orders for underground mining equipment plus conventional handling systems on the surface.

Hugh O'Shaughnessy, recently in Stockholm, reports on a Nordic-Latin American link

Oddity Sweden is determined to preserve

THAT TWO of Sweden's three largest manufacturing centres should be in Stockholm and Gothenburg, the two largest cities, is no surprise.

The third, however, is 8,000 miles away, in Sao Paulo, Brazil, and this is an oddity Swedish manufacturers are determined to preserve.

Sweden, on the one hand, is blessed with ultra-modern factories and skilled workers, but is hampered by a small, if prosperous, home market of just 8.5m.

That its industries have been able to compete successfully internationally is, according to the International Council of Swedish Industry, "largely due to the fact that investments have enabled Sweden to secure and enhance its position around the world."

The Latin American connection predates World War II. In 1939, eight of the largest Swedish companies had 26 affiliates in Latin America compared with only 10 in North America.

This interest is being amplified now and Swedish industrialists say they are prepared to live with Latin America's economic crisis in expectation of long-term gains.

In 1983, for instance, when the Brazilian economy contracted by nearly 4 per cent, Swedish companies invested more resources in Brazil than they had ever done previously. SKr 376m (£35.8m), as part of a record investment programme of SKr 869m in Latin America as a whole.

Virtually all the Swedish industrial giants are established in Brazil. Saab-Scania maintains a strong presence in the truck and bus market in a country which is almost totally dependent on road transport.

Asea and Atlas-Copco have taken a leading part in every recent major hydro-electricity development in Brazil, including Itaipu, the biggest of them all, and L. M. Ericsson has carved itself out a niche in Brazilian telecommunications. Recently Volvo plant in Curitiba won a $26m order for Brazilian-made trucks for Angola.

The importance of the country's relationship to Brazil was emphasised last year with a visit by King Carl Gustav and Queen Silvia, who opened a trade promotional week in São Paulo.

Despite the new barriers to imports which Brazil put up, and which caused Swedish sales to drop by 36 per cent, the Swedes were able to sell SKr 941m-worth of goods to Brazil. Brazil was Sweden's 27th biggest export market.

For its part Brazil was able to push up its sales to Sweden by 15 per cent to SKr 1,778m and became Sweden's 16th largest supplier.

While Brazil has the closest trade relationship in Latin America with Sweden, Mexico is becoming an increasingly important target for Swedish investment. In 1978 Swedish investment in Mexico was nil, then SKr 42m in 1979; in 1982 and 1983, the figures have been SKr 243m and SKr 259m.

Investments in Argentina have been more tentative, with the amounts of capital flows fluctuating wildly. Nevertheless SKF, the Gothenburg bearing manufacturer, says the quality of the work produced by its Argentine subsidiary is bettered nowhere else in the world.

Last November, SELA, the Latin American Economic System, the governmental "think tank" for the region, held a seminar at its Caracas headquarters for Nordic industrialists. This was part of a programme to reduce Latin America's trade dependence on the U.S. and the EEC.

In 1982 and 1983, investments of more than SKr 20m were made in Bolivia, Chile, Peru, Colombia and Venezuela.

Swedish companies have often had a difficult time justifying their business strategies to their domestic constituencies. Currently, the battle is on as the Government in Stockholm seeks to freeze the size of the Swedish stake in the South African economy as a protest against Apartheid.

Two years ago the Federation of Industries successfully threw its weight against moves in the Swedish parliament to boycott the Inter-American Development Bank in response to what many politicians claim was the IDB's poor political record in Latin America.

The industrial lobbyists argued that Swedish severance of its links with the bank would have jeopardised the business opportunities in tendering for IDB-financed contracts.

This year, the International Council of Swedish Industry is aiming to increase the attention it gives to Latin America by staging more seminars and trade missions and improving its regular publications devoted to the area.

"We have so much money invested in manufacturing in Latin America that we couldn't turn our back on that market even if we wanted to," commented one leading Swedish business consultant.

MISSILE SYSTEM DEAL

Why Indonesia bought British Rapiers

BY KIERAN COOKE IN JAKARTA

TRAINING, technology transfer and product flexibility were the three factors that combined to help British Aerospace recently win one of its biggest export orders from Indonesia.

Indonesian Government and British Aerospace officials last month signed a $120m deal under which Britain will supply a Rapier missile system to the Indonesian army.

For BAe, it marked a significant breakthrough in what is seen as an expanding market for defence equipment for other British companies. It could also bring sales opportunities for radar and general support services.

It was Indonesia's view that the Rapier system was a more mobile, less cumbersome system than its main rival—the Roland system, jointly manufactured by Aérospatiale of France and MBB of West Germany.

In a country the size of Indonesia, with 13,000 islands stretching across a distance greater than that of the U.S., such mobility was obviously an important consideration.

The other factors helping BAe sew up the deal were the various agreements on training and transfer of technology contained in the contract.

Many Indonesian military officials will be going for training in Britain while BAe personnel will be closely involved in back-up and other services in Indonesia.

Observers have pointed out that, in fact, far more Indonesians will be undergoing training than are actually required for the present system. It is hoped that this will presage further orders for Rapier.

It is believed some of the assembly will be carried out in Indonesia, and will involve close collaboration between local and British electronic contractors.

Such technological transfer and training are vital to winning almost any state contract in Indonesia, and it appears the Indonesians are more than happy with the British approach to such questions.

Finance was obviously another important feature, though, as negotiating took only 10 days to complete, it seems that this was not crucial.

The UK Export Credit Guarantee Department was involved in the financial arrangements, which include an 80 per cent credit on the sale.

Now BAe is looking at other sales opportunities, especially of aircraft to the Indonesian air force. At present, Indonesia depends for most of its air defence on three squadrons of Skyhawks.

These will need replacing before the end of the decade. BAe have already sold 20 of their Hawke trainers to Indonesia, and hope that the new generation of Hawke fighters—the 200 series due to go into operation in 1986—will be attractive to the air force.

There is, however, a strong pressure group within the military that is pressing for the more sophisticated supersonic American F-16 fighter.

The powerful head of the armed forces, Gen Murdani, said after the Rapier deal that Indonesia would like to buy the U.S. aircraft. But there are drawbacks.

The F-16 is about three times as expensive as the Hawke, and involves a high degree of training and expertise both in the air and on the ground.

There is also a question of whether the U.S. would be *willing to sell* the more advanced, long-range F-16-100 model that Indonesia would need to cover its vast territory.

Military analysts feel that some sort of compromise could eventually be found that would mix aircraft such as the Hawke with the F-16s.

This would fit in with Indonesia's policy of diversifying its sources of military supplies in order to avoid the sort of dependence it had on Soviet military equipment during the early 1960s.

Another possible sales area for British companies is the Indonesian navy.

The West Germans and Dutch have made considerable inroads in this field and have entered into a number of technical agreements with the state shipbuilders, P. T. Pal.

But there are thought to be opportunities for the sale of British minesweepers and a variety of radar and electronic equipment—earlier this year Britain sold three refitted frigates to the Indonesian navy for $40m (£26.6m).

Lisbon narrows competition for airport order

By Our Lisbon Correspondent

PORTUGAL's state-owned Airports and Navigation Authority (ANA) has narrowed down competition for a $75m (£52m) contract to extend two major provincial airports, from 26 companies to 13, Sr Joao Rosado Correia, the public works minister, announced yesterday.

A final decision on the tender to enlarge runways and build infrastructures at airports in the northern industrial city of Oporto and the Algarve capital of Faro will be made in the third quarter of this year, he said.

The project involves extending the capacity of Faro airport, currently coping inadequately with the influx of tourists, to 6m passengers a year.

Oporto's Pedras Rubras airport will be enlarged to take 3m yassengers a year.

Our Amsterdam Correspondent writes: DAF trucks, the Dutch truck manufacturer, said its special products division has received a Fl 60m (£40m) order from Menasco Manufacturing Company of the U.S. for an additional 256 undercarriages for the F-16 jet fighter.

AMERICAN NEWS

Reagan aide resigns from Interior post

BY NANCY DUNNE IN WASHINGTON

MR WILLIAM CLARK, U.S. Interior Secretary and long-time political adviser to President Ronald Reagan, late on Tuesday night became the second Cabinet official to announce his resignation since the November elections.

The unexpected departure is a major disappointment to Administration conservatives, who had hoped Mr Clark would eventually succeed the President's more moderate chief of staff, Mr James A. Baker. Mr Clark plans to return to his barley and cattle ranch in central California.

A close friend of the President, for whom he has worked in various capacities over the past 18 years, Mr Clark was also an ally in the White House inner circles of Mr Caspar Weinberger, the Defence Secretary, and Mr William J. Casey, head of the Central Intelligence Agency.

He served the President well in his current job, placating many conservationists who were alienated by his contentious predecessor, Mr James Watt. While never backing away from the President's desire to open more public lands to private development, he slowed the momentum, ended an unpopular partial freeze on buying new parkland, conferred with powerful environmental groups and Congressmen and put many *controversial decisions on held* until after the elections.

A lawyer who wears dark, pin-striped suits and cowboy boots, Mr Clark will leave Washington with a respect that did not greet him on his arrival in 1981. First appointed Deputy Secretary of State, his Senate confirmation hearings were a disaster of incoherent testimony which revealed that he knew little about international affairs. His tact and good sense won him high markets at the State Department, but later, as the President's national security adviser, he became embroiled in various foreign policy disputes which led him to volunteer for the Interior post.

The White House claims that *no successor to Mr Clark has* yet been chosen. The post traditionally is held by someone from the Western states, and the Washington Post has reported that possible replacements are Mr Donald Hodel, the Energy Secretary, Senator Paul Laxalt, another close friend of the President, and two Republican Congressmen, Mr Richard Cheney of Wyoming and Mr Manuel Lujan Jr.

Senator Laxalt, at 62, is serving his second Senate term, which has two years to run, and may well be interested in joining the Administration for a four year job. Mr Hodel, former under-secretary to Mr Watt, is serving in a post the Administration would like to *abolish, along with the rest of* the Department of Energy.

Pope urged to put pressure on S. Africa

ROME – The Rev Jesse Jackson arrived yesterday in Rome for a meeting with Pope John Paul II to ask the Roman Catholic Church to exert more pressure against South Africa's apartheid policy.

The civil rights activist and unsuccessful candidate for the Democratic presidential nomination last year said the "central point" of his talks with the Pope will be racial segregation in South Africa, but he declined to discuss details.

He said the Pope's efforts for justice and world peace were "a source of hope for all oppressed people."

Mr Jackson noted the Polish-born Pontiff's actions that focused world attention on the problems of Poland "which was a great help" just as it could be "regarding the problem of apartheid in South Africa."

Mr Jackson hopes to travel to South Africa when Nobel peace prize winner Desmond Tutu will formally become Anglican bishop of Johannesburg.

Mr Jackson also raised the possibility of a trip to Damascus as he marked the first anniversary of his successful trip there to gain the release of Lieutenant Robert Goodman, a U.S. flier shot down over Lebanon in 1983.

He said he was asked to intervene by the wife of Jeremy Levin, a Cable News Network journalist believed to be the prisoner of a radical Shia Moslem group in Beirut.

Also kidnapped between March and May 1983 were Mr William Buckley, a U.S. Embassy political officer, and Mr Benjamin Weir, a Presbyterian minister. AP

Canadian law on foreign embargoes set to take effect

BY BERNARD SIMON IN TORONTO

A NEW LAW protecting Canadian companies from the extra-territorial application of foreign trade embargoes and other government orders is likely to come into force within the next few weeks.

The Foreign Extra-territorial Measures Act stems partly from U.S. efforts to secure Canadian compliance with Washington's ambargo of pipeline equipment to the Soviet Union following the invasion of Afghanistan in December 1981.

The Act was passed by Parliament shortly before Christmas and the date on which it takes effect is still to be determined. A Justice Department official said yesterday that the measure will be implemented very soon.

The Act, similar to laws already in force in Britain, France and Australia, includes provisions enabling the Canadian authorities to block evidence by local companies in foreign ports and to order Canadian companies not to comply with foreign directives, such as trade embargoes.

In addition, the Government will be empowered to block the enforcement of foreign anti-trust judgments in Canada.

A Department of External Affairs official said that the new law will be used only in "extreme situations."

The Canadian Government expressed disqniet in 1982 at the application of the U.S. pipline embargo to Canadian suppliers, especially local subsidiaries of U.S. companies. But an informal inquiry by the Restrictive Trade Practices Commission was abandoned after Washington removed the curbs.

While the new law is generally welcomed in business circles, Canada has derived some benefits from the local application of foreign legislation, notably U.S. anti-trust laws to Canadian subsidiaries of U.S. companies has appreciably reduced concentration in some industries dominated by U.S.-controlled manufacturers.

Pemex compensates victims of blast

By Ronald Buchanan in Mexico City

THE MEXICAN state oil monopoly, Pemex, yesterday began paying compensation to the victims of the nation's worst industrial accident, which happened when a gas distribution centre exploded last November in an industrial suburb of the capital.

Pemex says it accepts "responsibility but not the blame" for the accident, in which nearly 500 people died and thousands more were injured. Last month the Attorney General's office issued a preliminary report which said the blast had happened on Pemex premises, thus refuting Pemex's claim that a neighbouring private sector company was responsible.

The report estimated total damage caused by the explosion at just over £2m—a figure which one Opposition spokesman described as "a colossal swindle." He said the true figure was perhaps 50 times as much.

Despite a large number of claims involved, Pemex says it will resolve all but the most complex within the first 15 working days of this month. Hearings will start in the local courts.

Fears that the hearings are likely to be one-sided have been fuelled by Pemex's statement that it will fix the amount of damages awards in conjunction with the courts. Most of the victims come from the less privileged sectors of Mexican society where the rule of law is not always strictly observed.

Coverage of the Attorney General's findings has been *noticeably low-key in Mexico's* docile press, which gave considerable prominence to Pemex's original claim that its plant continued to function normally even after the blast.

●Troops patrolled the streets of four towns in the northern state of Coahuila yesterday after three days of factional disturbances in which at least two people died and about 50 were injured. The disturbances involved rival supporters of the Institutional Revolutionary Party, which has ruled by a virtual one-party system for more than half a century, and the Catholic Conservative National Action Party.

Banana town close down divides Costa Ricans

BY TIM COONE IN SAN JOSE

THE TOWN of Palmar in Southern Costa Rica is a classic banana town, owned and built by United Fruit, a local subsidiary of the United Brands company. The lives of its inhabitants are dependent on the fortunes of the company.

At the height of production, 8m boxes of bananas per year were shipped to California. Exports have now fallen to nothing as the company has decided to pull out of Palmar, *effectively ending its involvement* in banana production in Costa Rica.

There are several reasons why. Mr Richard Johnson, vice-president of United Fruit, cites stiff competition from both Nicaragua and Ecuador for several years, and a local banana export tax of 70 cents a box.

With the closure of Palmar, the company will still be exporting some 15m boxes per year, but purchasing from local producers, rather than running its own plantations, which occupied 16,000 hectares of land in the 1950s.

The company's decision to end its own production in Costa Rica has provoked opposition from both the Costa Rican Government and its workers. Under a contract signed in the 1950s the company is obliged to maintain 4,000 hectares of bananas in production until July 1988, or face Government expropriation of its property.

United Brands has offered to sell the remaining 2,370 hectares of plantations to the Government for $15m; in reply, the Government has offered to lease the plantations for three years and continue negotiations on the purchase price.

While offers go back and forth, the company has been quietly dismantling its production facilities. Most easily-removed items, such as fertilisers, chemicals and packing materials, have already been shipped out of the country, surprisingly with Government consent.

Railway spurs and irrigation piping have been taken up in the plantations and machinery such as excavators and tractors have been moved to the nearby company-built port of Golfito, ready for shipment. The workforce has been cut in half and local union officials fear that the rest will be laid off within the next month or so. In Golfito "for sale" notices are appearing on many homes not owned by the company.

The union itself, the workers' union of Golfito (UTG) has to bear a major share of the blame. A 72-day strike for salary increases which finished in September paralysed production, which has not been resumed since. "The strike was the final blow," said Mr Johnson.

Some union officials say however that the strike was the excuse the company had been waiting for to close down Palmar. "It was a disastrous mistake," said Sr Gustavo Lopez, a Golfito dockers' union official who was sacked without compensation.

A division in late 1983 in the local Communist Party, which has a powerful influence among the banana workers, lay at the root of the problem. The moderate wing of the party was against the strike, accurately believing that the company would close if it went ahead.

The militant wing proceeded regardless.

The strike was declared illegal by the Government because the union had not gone through all the necessary procedures. All the union militants were *subsequently sacked, leaving a* bitter and disillusioned workforce which now faces the prospect of prolonged unemployment.

Sr Paulo Zuniga, the union's legal adviser, criticises the Government for helping to destroy the union during the strike, on the promise that the company would continue production afterwards." The company had broken its contract by pulling out before 1988, and the Government should expropriate the lands without compensation," he said. The Government is turning Costa Rica into a classic banana republic."

The UTG still has some leverage. Land invasions have become a popular method of forcing the Government into action over the problem of unemployment in rural areas. Communist Party officials in Golfito say that if the Government does not act quickly against the company, the dismissed workers and landless peasants in the region will take matters into their own hands.

The company and the Government will wish to avoid this as the company could lose its $15m for Palmar and the Government would need to use the security forces against the unemployed labourers. Two workers were shot and killed in confrontations with the police during the strike.

Sr Benjamin Piza, the Minister of State Security, said that if it came to a land invasion, "we will have to act." The Government is also worried that arms might be used by the workers in future confrontations.

One further factor also faces United Brands. It still has a healthy share of the Californian market, with around 15m boxes of bananas coming from its plantations in Panama, despite fierce Ecuadorian and Nicaraguan competition.

Sr Enrique Bolanos, a professor of social sciences at the University of Costa Rica, and a specialist on the foreign fruit companies' operations, said: "If United Brands stops production in Costa Rica it would be a grave commercial error. All their production for California would then come from Panama, and just one 15-day strike there would lose them the entire Californian market."

For that reason alone, United Brands will be aiming to maintain buying contracts on Costa Rica's Pacific coast. But if it pushes too hard a bargain, it might find that the tensions and bitterness simmering in the steamy tropical heat of Palmar and Golfito might explode. The company there might lose more than it was hoping to gain.

Maritime unions in EEC clash

By Our Labour Staff

MARITIME UNIONS within the EEC have clashed with the European Commission over draft proposals issued by Brussels for an EEC shipping policy.

They are angry over the Commission's acceptance of flag of convenience shipping, and have put forward counter-proposals which challenge many of the assumptions in the Brussels document.

The unions are also concerned about statements by Mr Georgis Contogeorgis of Greece, the outgoing Transport Commissioner, that European shipowners' competitive position could be improved by increasing the number of non-EEC nationals on EEC vessels.

A telex sent to the Commission after a meeting of European seafarer's unions states: "The implication that Europe's shipping needs can only be met by the exploitation of cheap labour in one form or another is outrageous and runs contrary to the Community's undertaking and the Commission's obligations under the EEC Treaty."

The dispute means a headache for Mr Stanley Clinton-Davis of Britain, the new Transport Commissioner. A former Labour Minister of Shipping in the UK, he has close links with British seafarers' unions which could put him in an awkward position.

The Commission hopes to have final proposals ready for publication in the next few weeks, ready for approval by the Council of ministers this year.

Alternative policies put forward by the maritime unions include:

- Steps to protect the European flag fleet against dumping and unfair competition, particularly where *it relies on the exploitation of cheap* Third World labour.
- Fiscal and related measures to assist the EEC fleet's overall competitive position.
- Cargo-sharing arrangements which guarantee European flag vessels an adequate share in trade with non-EEC countries.
- Harmonisation of social conditions for crews on EEC ships.

Sixfold rise in work days lost by strikes

BY BRIAN GROOM, LABOUR STAFF

BRITAIN's tally of working days lost through industrial disputes increased sixfold last year because of the miners' strike over pit closures.

Provisional estimates from the Department of Employment show that 21.7m working days were lost in the first 11 months of the year, compared with 3.6m during the equivalent period of 1983.

In November industrial disputes caused 2.88m working days to be lost. The department reckons that 2.25m are attributable to the miner's strike.

That figure has fallen from the 2.5m days attributed to the pit strike in October, and reflects fewer working days in November and the return to work by some miners. Just over 80 per cent of the remaining days lost resulted from three stoppages in the car industry.

The final tally of days lost for 1984 seems set to be around 23m – the highest since the 1979 "winter of discontent," and the third highest total for a single year this century.

The coal industry accounted for 17.6m of the days lost in the first 11 months of last year. The number of workers involved in disputes was 1.3m, compared with 541,500 the year before.

The strike figures are disappointing for Government ministers, who had watched the totals fall in the early 1980s, but they may be able to claim with some justification that the general level of strike activity remains roughly constant if the miners' strike is excluded.

Arrears on home loans increase sharply

BY GEORGE GRAHAM

UNEMPLOYMENT, broken marriages and the miners' strike are being blamed by the building societies for an apparent sharp rise in serious cases of arrears on home loan repayments over the past year.

At the end of 1983, 32,500 borrowers in the UK were more than six months behind with their mortgage payments. While figures for the whole industry are not yet available for 1984, the signs from individual building societies are of a sharp increase in these levels.

At the Abbey National, the UK's second largest building society with 983,000 borrowers, the number of accounts more than three months in arrears has risen from 1.53 per cent in 1983 to 1.64 per cent in November last year. And the number of repossessions has climbed steeply from around 1,200 in 1983 to 1,800 this year.

The Woolwich, the fifth largest society, has found that the number of borrowers more than 12 months in arrears rose by 78 per cent in the year to September 30 – from 548 to 977 – while its total number of loans increased by only 7 per cent.

While the miners' dispute has undoubtedly increased the level of arrears in some districts, the major causes of payment problems remain unemployment and broken marriages.

The Building Societies Association estimates that around 40 per cent of arrears cases are caused by unemployment or redundancy, 30 to 40 per cent by matrimonial difficulties, and perhaps 20 per cent by straightforward financial mismanagement.

The problem is still small in financial terms. The Halifax, Britain's largest building society, makes a provision in its accounts for mortgage losses of only £400,000, against mortgage assets of around £18bn.

But a Building Societies Association working party has been studying the problems of mortgage arrears for the past year, and is expected to report in February.

When borrowers admit their difficulties early enough, building societies generally try to reach some arrangement that avoids foreclosure. They will suspend capital repayments, and in some cases even interest repayments.

Mr Edward Heath: 'Much more needs to be done'

Heath warns Tories of jobs 'rebellion'

By Peter Riddell, Political Editor

MR EDWARD HEATH, the former Conservative Prime Minister, has given a warning that there would be further backbench rebellions in Westminster unless the Government did more to tackle unemployment.

His comments, in an interview on independent television, marked the start of what is likely to be the liveliest pre-budget debate within the Conservative Party for several years.

Separately from Mr Heath a sizeable number of Tory MPs are organising to put pressure on ministers to take more direct action to create jobs. However, in a clearly coordinated attempt to pre-empt this debate, both the Prime Minister and Mr Nigel Lawson, Chancellor of the Exchequer have argued in new year messages that the best way to create jobs is by cutting income tax

Mr Heath said in his interview that he was sure there would be more rebellions this year "because there are very fundamental differences between us." He argued that there is a growing feeling in the Tory Party that much more needed to be done to deal with the problem of unemployment.

He conceded that the Government already realised that it had got to do much more. "The question is in which way is it going to do it. You can have special job schemes here and there but that is not really a basis for changing the economy in a way which will provide jobs. The real way is to start providing the necessary capital expenditure which we desperately need."

Further BL state cash unlikely, says report

BY JOHN GRIFFITHS

THE PROSPECT that the Government will soon have to face a decision whether to pump in more money to the state-owned BL vehicles group – a move already being sought by BL's board – is brought into focus today in a report which examines state aid throughout the European motor industry.

The Motor Industry Research Unit operated by Professor Krish Bhaskar at the University of East Anglia takes the view that any further substantial government cash injections into BL are unlikely. However, "BL is unlikely to do well enough to build up internally generated funds to finance its entire investment needs, which are considerable," it says.

In examining the structure and extent of state aid in other vehicle-producing nations in Europe, the report provides BL with considerable ammunition to argue a case for further financial support.

With other European governments, particularly that of France, injecting substantial aid into their industries to allow them to be competitive, the report says the motor industry in Europe is facing a number of related problems, the solution to which is a massive programme of restructuring and renewal.

Sluggish demand, intense competition and the accelerating technology race were becoming an unbearable burden for every volume producer. "If the motor industry is to fulfil a major role in the economy of the EEC in future, it must have access to investment funds and to reasonably secure markets during the current phrase of restructuring."

BL's current pursuit of fresh funding – in the form of either a cash injection or capital restructuring – is being made in the context of the Government's wish for early privatisation rather than any immediate financial difficulties although it made a trading loss of £23.2m in this year's first half.

Mr Ray Horrocks, chairman, told a recent meeting of the Conservative backbench trade and industry group that while new money would be necessary for Austin Rover's investment programme, such finance could be sought from commercial markets and the balance sheet would justify such an investment.

The projected figures for BL are "very encouraging," the report says. This assumed a modest equity increase from the privatisation of Unipart, BL's components subsidiary, however, and BL would also need some state equity injections to overcome losses during the next recession.

Nevertheless, Austin Rover would be placed at a disadvantage to European competitors such as Renault and Fiat which could receive cheaper funding from the state.

Prof Bhaskar's report provides support for this view. It points out that "the degree of involvement of the Government in the French automotive sector is increasing, in terms of both advice and aid." During last year, in which Renault made a first-half loss of FFr 3.6bn ($3.22bn), "Renault asked the Government to provide FFr 1bn towards its investment programme... the state also provided FFr 1.2bn towards 1983's investment bill of FFr 9.5bn, and over the three years to 1985 a total of FFr 30bn will have been spent on capital investment, of which the state will have provided a major proportion."

It adds: "As a state company, Renault is clearly going to continue to receive state assistance... The Government is said to be willing to invest about $2.2bn in the company if necessary, provided that this cannot be supplied by private sources."

The report points out that there is disagreement between Fiat and the Italian Government concerning the amount of aid actually paid as distinct from the amount approved or promised.

According to external observers, the report says that Fiat has received large amounts of state aid for research and development, automation programmes and projects in southern Italy, although the aid had usually been received after the company had made the investment.

It points out that Fiat has also denied "what is believed by some observers" to have been the provision of state contributions to its commercial and engineering activities.

It says figures from Fiat's annual reports show investment grants from the Government of L52.9bn in 1981, L44.9bn in 1982 and L38bn in 1983.

"Given the importance of Fiat in the Italian economy, the Government is likely to provide further funding in loans and even equity injections, if not prevented by European Commission blocking moves."

** State Aid to the European Motor Industry, Motor Industry Research Unit, University of East Anglia, Norwich NR4 7TJ; £95.*

French dispute disrupts ferries

BY ANDREW FISHER, SHIPPING CORRESPONDENT

UK CROSS-CHANNEL ferry operators again had to divert passengers wanting to travel to Calais and Dunkirk on to other continental services yesterday as a result of the French seamen's dispute which has hit both ports.

The main British ferry operators, Townsend Thoresen (part of European Ferries) and Sealink UK, switched passengers to their own or rivals' services to Belgium or to other French ports.

French seamen at Dunkirk have disrupted the two French ports in protest at plans to make the Saint Germain ferry a freight-only vessel with a loss of jobs.

The ferry is run by the French railways (SNCF), the French partner with Sealink. It wants to cut costs on the route. UK companies hoped that yesterday's talks in Paris would resolve the dispute.

Calais, the main cross-Channel link with Dover, was affected when seamen used other SNCF vessels to block the harbour.

Sailings to Boulogne, however, have continued normally. P & O Ferries runs three ships there and has taken some of the traffic from the disrupted ports as has Hoverspeed on its hovercraft.

Sealink has diverted passengers to its services between Folkestone and Boulogne or Dover to Ostend, in Belgium, while Townsend has put people on its own route to Zeebrugge, also in Belgium, or on other companies' vessels to Boulogne.

Surge in businesses set up by jobless

THE PAST YEAR has brought a "tremendous expansion" in non-governmental schemes to help young people set up their own businesses in response to high unemployment among under-25s, the Department of Employment said yesterday.

Their enterprises range from odd-jobbing to lawnmower repairs, dress-making, furniture-making and printing. In many cases private and commercial sponsorship has been combined with central or local government aid.

Specialist advice is being provided along with financial aid and materials. Several organisations are offering counselling and courses in how to start up and run a business.

□ EXPENDITURE by the average British household has risen by 6.5 per cent to £142.59 a week according to figures in the Department of Employment's latest monthly gazette. Each person spent an average £53.65.

Average weekly gross income per household was £187.86, before tax and insurance. The largest slice of expenditure went on food (20.7 per cent), while housing cost 16.8 per cent, transport 14.7 per cent, and fuel, light and power 6.5 per cent.

□ A FOUR YEAR, £5m project to bring advanced information technology to the House of Commons is proposed in a report from an all-party select committee, published yesterday.

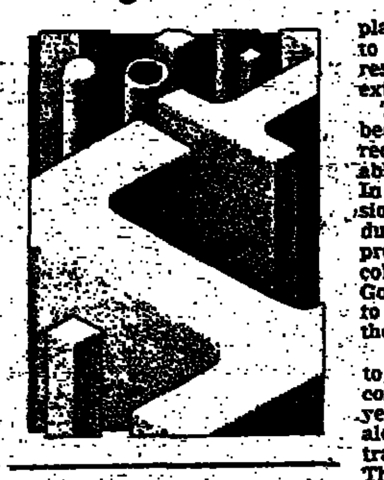
It says that unless the Commons keeps up with technological advances, it will be unable to play a *full role in politics*: "The growth of statistical data available and the mass of other information with which all "members must deal makes the speedy introduction of an effective information technology system of vital importance."

□ FALMOUTH SHIPREPAIR, the profitable Cornish dock owned by the state-owned British Shipbuilders, looks set to enter the private sector early this year. Among the bidders are the present management and workforce.

Morgan Grenfell, the merchant bank handling the sale, said it was hoped that a deal could be agreed by the end of this month.

Forecasts 1985

A year of much wrangling



STEEL

IAN RODGER

NORMALLY, the world's steel industry leaders concentrate on making and selling steel. This year, however, there is a strong possibility they will spend most of their time wrangling with governments and competitors over how much steel they should be allowed to produce and sell and where they may sell it.

Several simmering steel trade problems involving most of the Western world's leading steel producing countries should come to a head in 1985, and they are unlikely to be resolved quietly.

However, it seems that they will, at least be discussed against the background of a fairly stable market. No one is looking for a repeat of the surprisingly brisk 9 per cent increase in Western world steel consumption last year, but demand is expected to grow moderately in many countries.

Only in the U.S. are forecasters looking for a significant decline in steel consumption this year, perhaps by about 5 per cent, but this would follow a dramatic 19 per cent rise last year to 114m tonnes. Demand in the European countries and Japan should increase slightly, helped by increased investment in capital goods.

Of the many steel trade negotiations under way, the European Community ones can be expected to occupy centre stage most often and to provide most of the fireworks this year. The EEC is scheduled to end its seven-year restructuring programme—the so-called Davignon plan—at the end of 1985, and to withdraw the substantial restrictions to both internal and external trade it has erected.

The programme's purpose has been to bring about a major reduction in the very considerable excess capacity in the EEC. In the meantime, the Commission has instituted import, production and price controls to prevent the market from collapsing. It has also permitted Governments to give subsidies to steelmakers, provided that they are used for restructuring.

No one expects these controls to be dismantled suddenly and completely at the end of the year. The question is how far along be route towards free trade the Community will go. The West German and Dutch governments will push hard for as much freedom as possible, while others will be more cautious.

The debates will not be made easier by the adbsence of Viscount Etienne Davignon himself, whose term as EEC Industry Commissioner ended last month. However, the new man responsible, Herr Karl-Heinz Narjes, a German, is no stranger to EEC industrial wrangles, having been in charge of internal market affairs at the Commission for the past four years.

It is now widely believed that the Commission's capacity reduction objectives will be achieved and perhaps even bettered. It sought the removal of 26.8m tonnes of annual capacity from an EEC total of 169m tonnes in 1980. Already 21.9m tonnes have been taken out. This helps restore balance between supply and demand in the market, and should make it possible at least to ease the price control mechanisms.

There is less confidence about progress on other fronts. On subsidies, for example, it is now accepted that the steel industries of France and Italy will be unable to complete their restructuring by the end of this year, and so will require further subsidies in 1986. Subsidy-free producers will not be happy about competing against companies still receiving government support, and will try hard this year to impose some penalties or restrictions on them.

Import restrictions under the Davignon plan have taken the form of volume restraint agreements with foreign countries and, on the assumption that EEC steelmakers are now increasingly competitive, the Commission has begun to ease these restraints. However, it looks increasingly unlikely controls will actually be eliminated.

This is not because of any fear the EEC has of established import sources, such as Japan, Brazil or South Africa. The problem now is with the U.S. In 1982, U.S. steelmakers launched several legal actions against EEC steelmakers alleging subsidies and dumping. The row was resolved by Washington and Brussels agreeing to restrict the volume of EEC steel exports into the U.S., but only for a period of two years. The idea was that the Davignon plan would then be coming to an end and, if the EEC steel industry was then free of subsidy, there would be no reason for continuing the controls.

However, in the meantime, the U.S. has decided to control the total volume of steel imports from almost all sources until 1989. Agreements were reached last month between the U.S. authorities and Japan Brazil, South Korea and Spain, Australia and South Africa, and the EEC, too, will have to negotiate a new quota to replace the one that expires at the end of this year.

Another residual problem arising from the 1982 deal was that it excluded steel pipes and tubes. Last week, Brussels and Washington negotiated a new quota restricting EEC pipes and tubes to 7.6 per cent of the U.S. market compared with an actual penetration of over 14 per cent.

However, even though these agreements are concluded, difficult negotiations lie ahead with many other countries. Washington is aiming to reduce overall steel product imports to 18.5 per cent of the market compared with the current level of 24 per cent. Japan has agreed to reduce its share from 6.3 per cent to 5.8 per cent, the EEC will try to hang on to its 5 per cent and the Canadians have another 2.5 per cent that is not subject to control because they trade fairly. South Korea is restricted to 1.9 per cent but Brazil has agreed to take less than 1 per cent.

It looks as if there will be very little share left for the nearly 30 other countries that export steel products to the U.S. and they will undoubtedly make their views known loudly as the year progresses.

It is unlikely that these and other trade problems will be resolved this year. On the contrary, all the negotiations under way aim to impose more management on the world's steel markets. Experience in other sectors, notably textiles and garments, suggests that this will not solve the industry's problems.

The steel industry's problems remain those of general overcapacity and adjusting to new market patterns. Generally, production and consumption are falling in the developed countries and rising in the developing countries.

Mr Lenhard Holschuh, director-general of the International Iron and Steel Institute, argued recently that demand and supply in the Western world coudl be in a reasonable balance by 1990 at around 600m tonnes provided that capacity reductions in the developed countries continue at a high rate. Most developing countries are restraining their expansion plans although it is worth remembering that they still produce only two-thirds of their steel needs.

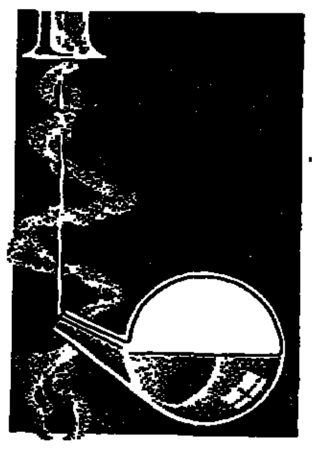
Despite thes and other difficulties, the prospects for steelmakers are not necessarily dull or grim. Several new production technologies provide opportunities for the brave to become more competitive and profitable by lowering costs and improving quality. And as in the textile and garmetn sectors, these new technologies may also lead to structural changes that help resolve the industry's trade problems.

STEEL CONSUMPTION – THE OUTLOOK
(Apparent consumption in million metric tonnes)

	1984 estimate	1985 forecast	% change
European Community	94	94	—
Other Western Europe	31	32	+3.2
U.S.	114	112	−1.8
Japan	74	74	—
Other industrialised countries	25	25	—
Developing countries	100	104	+4
Comecon	212	215	+1.4
China and North Korea	60	63	+5
World Total	710	719	+1.3

Source: IISI

European industry in disarray



CHEMICALS

TONY JACKSON

SAUDI pressure, softening prices and speciality chemicals. The year 1985 will be an interesting one for the chemicals companies, but not always in ways that the industry would have chosen.

In profits terms, this year will certainly be disappointing in comparison with last. This time last year few would have expected 1984 to produce such a *spectacular burst of profits* growth. But for European companies whose activities include the more cyclical commodity end of the business, it now looks likely that 1984 will show profit increases of 60-70 per cent. In the process, ICI now *looks set to be the* first non-oil company in the UK to top £1bn at the pre-tax level.

This year will be a very different matter. "Unless the current trend in pricing reverses itself," says Stuart Wamsley of brokers W Greenwell, "ICI's" profits in 1985 should be flat, or lower. But it should still do better than its rivals in Europe, like Hoechst or BASF. As to the American companies—you tell me what the U.S. economy and the dollar will do."

Even more optimistic forecasts for ICI—de Zoete & Bevan, for instance, look for 7 per cent profits growth this year—are in stark contrast to the two-thirds increase expected for 1984. American companies, indeed, are showing signs of slowing down already. Du Pont and Monsanto, for instance, both saw earnings fall in the third quarter of 1984.

The U.S. producers are in one sense having the worst of both worlds. Last year, the remarkable strength of the domestic economy was partly offset in overseas markets by the strength of the dollar. This year, U.S. economic growth will be much slower, yet the dollar shows no signs as yet of weakening.

For European producers, this year's difficult outlook has much to do with the weakening in bulk petrochemicals prices. Since last summer, for instance, D-mark prices for polyethylene are down by some 15 per cent. Some industry executives claim to be perplexed by this, given that European demand is still fairly firm. But the drop in prices must have a lot to do with the fact that 1985 is the year in which most of the big new Saudi plants producing ethylene and its derivatives are due to come on stream.

By some estimates, new Saudi plant will add a mere 5 per cent to world capacity in petrochemicals. And the industry has had a clear 10 years' warning of Saudi investment plans. Despite that, the European industry is plainly in disarray.

On price, certainly, there never was much the Europeans could do to defend themselves. Saudi feedstock consists largely of gases previously flared off as waste products. European producers have sought protection through plant closures, swaps and rationalisation. But the programme of capacity reduction had largely ground to a halt in the cyclical upswing in the world market for chemicals over the past 18 months.

Indeed, this year's cyclical downturn would find the industry saddled with overcapacity even without the advent of the Saudis. Add to that the fact that this year will also see the start-up of big new ethylene plants in Turkey and the Philippines, and it is hard to acquit the European industry of the charge of improvidence.

In Britain, the alarm bells started ringing in earnest last October, with a report from the National Economic Development Office talking of possible UK job losses of 10,000 and calling for tariff protection as a last chemical industry association resort. Cefic, the European has called on the European Commission to monitor Saudi sales in Europe, with "the backing of effective trade defence measures" where appropriate.

The case for and against protectionism will be one of this year's live issues. And if the arguments sound ominously reminiscent of the textile and motor industries in years gone by, there may well be point to the comparison.

Large parts of the chemicals industry in the developed world are concerned with long-standing and technologically basic products. But in petrochemicals especially there is the familiar division between less-developed countries which provide the raw materials, and the developed world, which provides the market for the finished goods. If the developing world has mastered the technology for producing the more basic manufactured products, then it is prudent for the developed world, given its handicaps on raw material and labour costs, to move up market out of the way.

> Most of the big Saudi plants producing ethylene are due to come on stream

This is precisely what many companies have been actively working on. The move to speciality chemicals has been presented as a means of reducing companies' exposure to the economic cycle. And so it is; but the move has at least as much to do with vacating *ground being occupied* by the reveloping countries, and the Saudis in particular.

ICI's $750m acquisition of Beatrice Chemicals in mid-December aimed at combining two priorities—a further move into speciality chemicals, and a strengthening of ICI's presence in the U.S.—a market which is largely insulated from outside pressures, given its unusual combination of wealth in raw materials and an affluent consumer base.

Other companies, such as Laporte in the UK and Dow in the U.S., have been determinedly moving from commodity to speciality areas. Again, 1984 saw ICI setting up two new divisions—advanced materials, and electronic chemicals. It seems likely that in 1985 the trend will if anything be accelerated.

Some industry executives see a further consequence developing in the near future—the blurring of lines between chemicals suppliers and their cus*for new products are aerospace* tomers. Two industries targeted and electronics. ICI has recently announced a new advanced plastic material—aromatic polymer composite, or APC—which has the strength of aluminium but is one third *lighter. The product is aimed* at an industry—aerospace—which is so specialised in its requirements that it would be logical to expect, as many in the industry do, a trend towards merger or joint venture between supplier and consumer.

Again, many analysts see the most dynamic growth area in the industry as electronic chemicals—the supply of plastics, resins and the like for the semiconductor and consumer electrical markets. Chemical industry research staff sometimes privately admit that they find it difficult to come to grips with the methods adopted by their opposite numbers in the electronics industry who are approaching problems from the user end. Here again, it would be natural to expect some formal pooling of expertise.

Finally, the chemicals industry enters the New Year with a dark shadow hanging over it—the tragedy of Bhopal. The industry has been deeply shaken by the fact that one of its members has been involved in the worst industrial disaster in history.

During the year, the issue is certain to emerge at governmental level. Questions are to be raised in the U.S. Congress, environment ministers have discussed the problem under the auspices of the OECD, and there will plainly be heart-searching among governments in the Third World. Whether companies will be hit by more stringent safety requirements remains to be seen; it would be surprising, certainly, if they were not to be faced with higher costs in the insurance market.

THE ARTS

Scenes from "Balm in Gilead" and Messiah"

The year on Broadway/Frank Lipsius

No space for the middle-ground

Broadway had nothing to celebrate this year but success. The success, unfortunately, was purely financial. Compared to last year, the same number of productions are playing; in fact most are the same plays. If anything, they boast only cast changes that go unnoticed by the out-of-town visitors who now comprise 40 per cent of Broadway audiences.

In what Arthur Miller decried as the demise of "plays" and the advent of "shows," Broadway has virtually eliminated the middle ground of half-full houses and modest successes in favour of the extremes of blockbusters and busts. Though the number of productions does not change, the receipts increase, from $209m last season to $227m this season, thanks largely to ticket price hikes.

La Cage aux Folles might describe the Palace Theatre itself where patrons pay the highest price on Broadway, $47.50, for a seat in the stalls to see this year's musical Tony-award winner. Runner up *Sunday in the Park With George*, an inspired collaboration between Stephen Sondheim and James Lapine, commands $45 for an interpretation of Georges Seurat's *La Grande Jatte* that made a star of Mandy Patinkin and more than a star—an actress—of Bernadette Peters.

Since the new season started in the summer, only nine new shows opened on Broadway, and four have already closed. The survivors include an engaging one-hander meant for a night-club stage (*Whoopie Goldberg*), a cabaret act with four performers (*Haarlem Nocturne*), and a feeble sit com that has Janis Paige and Kevin O'Connor desperately trying to get their kids out of the house, *Alone Together*.

Hurlyburly, which opened off-Broadway and quickly moved to Broadway, puts David Rabe's new battle zone in the California bachelor jungle. Director Mike Nichols manages to contain and channel the energetic but indulgent script with the help of an all-star cast rotating among the likes of Candice Bergen, William Hurt and Judith Ivey. *Ma Rainey's Black Bottom*, a transfer from the Yale Repertory Theatre, has a vibrant setting in a 1927 recording studio but plays in one groove too long while waiting for a song to emerge from the hefty, hot and hearty Theresa Merritt.

The Rink was a Broadway star vehicle for Chita Rivera and Liza Minelli as a mother and daughter fighting over Coney Island real estate while the revival of Arthur Miller's *Death of a Salesman* brought Dustin Hoffman respect for previously unplumbed talents—and grace, for appearing on the televised Tony awards show despite his not being nominated for best actor (because, some suspected, of his unwillingness to play an eight-performance-a-week schedule). John Malkovich capitalised on his success as the older son Biff to switch hats and direct the off-Broadway revival of Lanford Wilson's sprawling electric view of the 1960s, *Balm in Gilead*.

Gone this year was last year's effort to open plays at Christmas to give tourists something new to choose from. The pathetic shows used for this marketing ploy made the idea fail. Had it been tried this year with Dario Fo's *Accidental Death of an Anarchist*, which closed on December 1, the exhilarating Arena Stage production and Jonathan Pryce's hilarious performance might have lasted to the end of the year.

New York got the Chicago Goodman Theatre production of *Glengarry Glen Ross*, David Mamet's Pulitzer Prize winner that takes a cigar-chomping, raw-tongued jab at real-estate salesmen. But London's considerable contribution to New York theatre started with the year's first opening, *The Real Thing*, which is selling out. Mike Nichols's Broadway production improved on the West End with instantaneous scene changes. It also made stars of Jeremy Irons and Glenn Close. Ian McKellen warmed the winter with his Shakespeare one-hander in anticipation of a number of British imports, culminating in the Royal Shakespeare Company's highly successful repertory productions of *Cyrano de Bergerac* and *Much Ado About Nothing*, which have been extended to January before going to Washington.

The London stage supplied Broadway with Kate Nelligan as Eugene O'Neill's unwashed heroine Josie Hogan in *A Moon for the Misbegotten*, to be followed in 1985 by Glenda Jackson in O'Neill's *Strange Interlude*. Two productions that failed to find Broadway audiences after their London appearances were Peter Ustinov in the lumbering *Beethoven Tenth*, and Alec McCowen in Brian Clark's clever dramatisation, *Kipling*, carefully (for New York, too carefully) balancing the private man with his public thoughts.

While Broadway has long exhibited the tendency to run cash cows while thoroughbreds languish, off-Broadway is exhibiting a dangerous new tendency to do the same. The consquences can be even worse, since there is no dearth of available Broadway houses, while off-Broadway theatres are at a premium that may prevent new plays from opening at all. A modest musical like *Quilters*, the somewhat touching but unfocused story of 19th-century pioneer women, could not find an off-Broadway house and did not fit the scale of Broadway, where it was forced to open at the Jack Lawrence Theatre.

The Schubert Organisation is accused of matching its Broadway strategy by trying to make a long-runner of the off-Broadway revival of an inert but worthy *Pacific Overtures*, just as it did with the cute but hardly classic (and still running) *Little Shop of Horrors*. Other companies cannot resist the temptation, with Playwrights' Horizons represented by Wendy Wasserstein's *Isn't It Romantic* and the Circle Rep by *Fool for Love*, both more than a year old, while the Manhattan Theatre Club moved Beth Henley's frenetic but disappointing *Miss Firecracker Contest* to another house.

Long-running shows would be admirable if they bred their successors, but few emerged in a disappointing year. The New York Shakespeare Festival relied on imaginative and worthy revivals like Linda Ronstadt currently in *La Bohème* and German playwright Franz Xavier Kroetz's *Through the Leaves* in Mabou Mines' realistic view of tedious lives starring Ruth Maleczech as a butcher and Frederick Neumann as her truck-driving boyfriend. William Soroyan's *Human Comedy* was Joseph Papp's Broadway effort this year, an oratorio to be admired more than enjoyed. The free summer works this year were *Henry V*, starring Kevin Kline a shade off last year's masterful Richard III, and Richard Foreman's stylish and stark *Golem*, starring F. Murray Abraham as a rabbi and Mario Arrambide as the eponymous hero, a red-headed monster.

The BAM Next Wave Festival presented an intimate revival of *Einstein on the Beach*, Philip Glass and Robert Wilson's dated avant-garde marathon. Notable London imports off-Broadway this year included Harold Pinter's *Old Times* with Marsha Mason at the Roundabout, Christopher Hampton's *Total Eclipse*, which has lost none of its power to shock, and the Hudson Guild's earnest and well-performed version of Peter Whelan's first world war in *The Accrington Pals*. In its first production at their new main stage at City Centre, the Manhattan Theatre Club summed up New York theatre's present needs in strong performances by Diane Venora, David Warrilow and Mark Blum in Martin Sherman's long but thoughtful and even at times funny *Messiah*.

Jeremy Irons and Glenn Close in "The Real Thing"

Music in 1984/Andrew Clements

A lack of quality control in new music

Not, in my experience, an outstanding year of new music, except at the highest level. Too many concerts of contemporary music had a pallid sameness, as a succession of poorly differentiated premieres seemed to pad out the programmes of an endless assembly line of newly formed ensembles pledged to perform them. Somewhere in that production process quality control seems to have slipped badly; the ability of these groups appears to decrease in direct proportion to their ubiquity or, more likely, collections of potentially accomplished instrumentalists are finding themselves directed by inadequately prepared and unimaginative conductors.

At the top, though, one first performance dominated everything else. Tippett's *The Mask of Time* has been reviewed twice on this page: once by Andrew Porter on the occasion of its Boston world premiere, andt hen by Max Loppert when it appeared at the Proms. For once a Tippett work has attracted virtual critical unanomity; it is also mightily reassuring for tose of his admirers who feared that *The Ice Break* signalled a falling off in his abilities to manipulate a large-scale dramatic argument, to find his powers of invention quite undiminished.

The Proms also produced Colin Mathews' structurely intriguing cello concerto, as well as a rare chancet o hear Birtwistle's *Nomos* in recognition of the composer's 50th birthday. The London Sinfonietta's birthday concert for Birtwistle boasted two premieres, of which one, the half-hour *Secret Theatre*, is one of the most important of his recent scores and a measure of the state of his art while we await the premieres of two completed operas. In a programme for the Arts Council Contemporary Music Network the Sinfonietta revived Robin Holloway's *Aria*' harbouring an unsettling, grimly impressive piece under an innocuous title; a Network tour by the Strabourg Percussion Ensemble included the first British performances of Xenakis' *Plèiades*, a gripping 45 minutes of full frontal assault.

During the Huddersfield Festival the French percussion trio Cercle introduced Kagel's *Dressur*, one of the few (for me) of his theatre pieces which manages to get the balance between music and dramatic action right. But in a festival dominated by music theatre, Vic Hoyland's *Dumb Show* for two actors and percussionist made the strongest impact; Hoyland's instrumental *Fox* (which cropped in a Macnaghten concert) was equally accomplished. If rumours come to fruition there may be more opportunities to hear Hoyland's music in London during 1985, and his stature may then be more clearly defined.

In orchestral concerts I've encountered precious little sub-standard playing; either luck, or standards, have taken a genuine upward turn. The Philharmonia (under some conductors) and the City of Birmingham Symphony Orchestra (consistently) remain the most refined of home-based bands; the CBSO manages to sustain an admirable level of freshness and excitement for its London appearances, from which its Proms account of Nielsen's fourth symphony under Simon Rattle was the most singular.

The Philharmonia's moments of excellence frequently coincided with their concerts with Bernard Haitink. In last year's round-up I wrote that Haitink produced more satisfying results than any other conductor working regularly in London, and there seems no reason to alter that opinion now. Some of the performances — I remember Elgar's second symphony, and the most satisfying *Missa Solemnis* I'veheard in the concert hal—would have been impossible to surpass by an other conductor active today.

Pierre Boulez is sadly far active in this country than he was even five years ago, but his Edinburgh Festival programme, with the BBC Symphony, repeated a few days later at the Proms, brought back those early concerts wih thesame orchestra, when Boulez and William Glock set about altering the concert-going habits of London. They did not, sadly, succeed, but Boulez's rare visits remain a reminder of the aspect of our symphony concerts whic is frequently lacking, particularly from the independent orchestras.

Edinburgh also came up with a distinguished song recital by Dietrich Fischer-Dieskau, who gave a perfect demonstration of the art of singing Brahms *lieder*. It made a beautiful complement to his Covent Garden recital earlier in the summer, in which with Alfred Brendel he delivered a *Winterreise* of uncompromisingly focused intensity. Brendel also was the author of one of the two memorable piano recitals I have attended this year; the second was given by Jorge Bolet — majestic, grandiloquent playing that compelled uncritical admiration.

Iannis Zenakis

The Threepenny Opera/Dolman, Newport

Rodney Milnes

The WNO's new staging of the Brecht/Weill play with music, a joint promotion with Mid Wales Development, played for two performances at the Dolman Theatre before Christmas, and resumes its tour of the Principality at the end of this week. The festive season being what it is, I fear the intervening fortnight will not have been used for what is urgently needed—some radical re-casting and a complete musical and directional re-think. What was seen in Newport was a pathetic misrepresentation of the work, carelessly thought-through and dimly executed. How could this, of all lethal comedies, have been so numbingly boring in performance?

One might have thought that by now the WNO had discovered that to seek to change the basic nature of a work in performance, especially one involving music, is self-defeating. The point, the historical importance of *The Threepenny Opera* is that the musical numbers are detached from the dramatic action — this is even written into the text. To attempt, as the producer Ceri Sherlock does, to integrate them, to turn the piece into a "meaningful" neo-*verismo* melodrama, is both to betray its creators and to let the audience off the hook of subversion, a hook so seductively baited by Weill's music. Add to this the basic mistake of presenting the Peachums as picturesque low-life characters (Peachum is discovered sitting on the lavatory but with his trousers on, an extreme case of the Brando-*Last Tango* syndrome), not as members of the bourgeoisie, and the audience is never for a moment challenged by the work's insidious poison. Much brandishing of a pink newspaper whose name momentarily escapes me is, in the circumstances, mere cosmetic.

There is also much monkeying with a text that is, for heaven's sake, still in copyright. The *Moritāt* does not launch proceedings, but is shoved into the second act. One's spirits were momentarily raised when Polly rightly got "Pirate Jenny," but sunk again in sheer disbelief when Jenny got it too, *in toto*. The single interval is inserted arbitrarily in the middle of Brecht's Act 2, after dialogue. The whole *Fidelio*-parody finale is cut (but the WNO already has its own *Fidelio-parody* in Kupfer's production) and in its place we get the hitherto missing second-act finale, with Macheath hanged and the whore Jenny transformed into a leather-jacketed revolutioniste waving a red flag. An admission of defeat: after a successful *Threepenny Opera* it is the audience who should be waving red flags, not the cast.

The band was placed in the pit and the ill-positioned singers were frequently drowned by flabby, undisciplined sound. Of wit and spice in Andrew Greenwood's musical direction there was little trace. In the right circumstances Roger Bryson could be a formidable Peachum; at first I thought the notion of dressing this arch-exploiter of the poor as Karl Marx might be a pleasantly acid, new-Right joke, but alas it was not intended to be. Yolande Jones (Polly) and Margaret Balton (Lucy) had their middle-class moments; otherwise the work is seriously under-cast. This was a truly dreadful evening in the theatre. How was it allowed to happen?

Berenice/Comedie Francaise, Paris

Nicholas Powell

Racine's "Berenice" is a tragedy of long-accumulated passion, its characters caught in a conflict of love and politics the only outlet for which is abdication. To lay bare this deep emotional abscess at the Comedie Française, Klaus Michael Gruber has—hélas!—treated his actors to a strong dose of general anaesthetic.

His tortuously slow three-hour production obliterates the anguish and torment of the original text to plunge us into a world not of grief, but of chronic depression.

Gruber, no stranger to Goldoni, Shakespeare and Kleist, is also a Beckett specialist and the tone of his "Berenice" comes dangerously close to a parody of the work of the Dublin-born playwright. Beckett, with his fondness for burying his characters in sand and dustbins, may have appreciated the idea of having Antiochus, Berenice's long frustated lover, emeging fom the orchestra pit at the beginning of the play to address the audience with only his head and shoulders showing. He would oertainly have been displeased by Grube's mutilation of Racine's verse, which hobbles along, respectful enough of rhythm but devoid of feeling for the colour of words and their expressive potential. Washed out alexandrines are simply soporific: Antiochus, tortured with apprehension at the prospect of meeting Berenice, is nevertheless stoically hopeful. Marcel Bozonnet's delivery of this complex state of mind has the emotional colour of a sleepwalker's drawl.

Richard Fontana does better, but only just, as Titus, torn between love for Berenice and the political wisdom of marriage to a Queen whom he realises his Empire will repudiate. Gruber has Fontana interiorise his suffering to such an extent as to be barely perceptible, and compensates for this emotional vacuum with lengthy sighs and ludicrously overplayed delivery of the play's recurrent word, "hélas."

Ludmila Mikael succeeds, despite atrocious direction and a dress which makes her look as if she has stepped out of her own sarcophagus, in wringing some emotional depth from her verse. Whereas Richard Fontana is a Titus much given to lolling despairingly against corners of a particularly hideous set (all crude green and red for the Queen's apartments, a turgid brown for the rest), Ludmila Mikael uses every inch of physical movement and decibel of vocal expression she is allotted to create a convincing but uneven portrait of a love-sick woman caught in a hideous political trap.

Unfortunately, given the mumbling self pitying men vying for her hand one feels that so many tears are wasted and that returning to Palestine is not a tragic decision, just common sense. But this, like practically every other Gruber detail (Dagmar Niefind's costumes appear to have been patched together overnight) was not what Racine had in mind.

The last word of the play—"hélas"—is Antiochus's, after Berenice's majestically stoic speech of adieu. Gruber has each character say "hélas," which not only wrecks the final alexandrine, but misses the point. Racine was writing about human tragedy. Gruber treats it with the theatrical equivalent of major tranquillisers.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Dec 28–Jan 3

Exhibitions

ITALY

Rome, Villa Medici (French academy): Degas and Italy. A gracious recognition by the French Academy of the importance of Italy to the work of one of the greatest artists of the 19th century (this year is the 150th anniversary of Degas's birth). The exhibition follows Degas's principle that preparatory drawings should be shown with the finished work. This has been done here with three remarkable paintings: the portrait of the Bellelli family (with its echoes of Piero Della Francesca). The works cover the period 1856-60. Ends Feb 10.

Rome, Galleria la Gradiva (Via della Fontanella 5): Modern Italian painting including Guttuso, de Chirico, Annigoni, Rosai, Balla. Ends Feb 10.

Rome, Galleria Giulia (Via Giulia 148): Max Ernst drawings organised in collaboration with the Goethe Institute. Ends Jan 16.

Florence: Palazzo Strozzi: Icons from Russia – painting in Russia and the Ukraine from the 15th to the 18th century, organised by the new exhibition centre in Florence and the Russian Ministry of Arts. On show are 71 icons from the Museo Rublev in Moscow, and from museums in Leningrad, Kiev and Cernigov. Newly restored and stripped of their dark protective layers of linseed oil, the colours are brilliant and the gold gleams. The exhibition is fascinating not only for the extraordinary and disconcerting beauty of the icons but for showing the remarkable artistic isolation of Russia, which allowed this subtle art form to survive until Peter the Great decided forcibly to Europeanise it in the 18th century. Ends March 3

NEW YORK

Metropolitan Museum of Art: Te Maori begins its U.S. tour showing the native treasures of New Zealand, with a rich Polynesian heritage of stone and ivory ornaments, bone and stone weapons and wood carving. Ends Jan 6.

Museum of Modern Art: Primitivism in 20th Century Art has much good modern work by Picasso, Max Ernst, Brancusi among many others as well as striking tribal objects from Asia, Africa and North America, but the theme itself seems meant to fill space more than provide a better understanding of the primitives or the moderns. Ends Jan 15

WASHINGTON

National Gallery: Old Master Drawing from the Albertina, celebrating two centuries of Austro-American relations, includes Dürer's Praying Hands among the 75 works by Fragonard, Rembrandt, Pieter Bruegel the Elder, Lucas Cranach the Younger, and others. Ends Jan 13.

Hirshhorn: The entire third floor of the gallery will be filled with 157 works of painting, sculpture, constructions and installations done in the past decade by 147 artists in celebration of the museum's 10th anniversary. Ends Jan 6.

CHICAGO

Museum of Contemporary Art: Celebrating the foresight of local collectors, Dada and Surrealism in Chicago Collections includes more than 300 works by Dali, Ernst, Magritte, Miro, de Chirico, in mixed media including sculpture and photographs as well as paintings and drawings. Ends Jan 27.

TOKYO

Ceramics of East and West (Idemitsu Art Gallery): This exhibition highlights 17th and 18th century fine ceramics in Japan and Europe, including Japanese Arita ware, Delft from Holland and Meissen from Germany. Particularly interesting is the influence of these various wares on each other, the result of trading of the period. Shards of Chinese and Japanese pottery excavated outside Cairo are also on display. This museum, on the 9th floor of the Kokusai Building in Hibiya, near Imperial and Palace Hotels, commands an excellent view over the Moat and Emperor's Palace in the centre of Tokyo. A relaxed atmosphere enhanced by the serving of Japanese tea. Ends Feb 3.

LONDON

The Tate Gallery: George Stubbs – the critical rehabilitation of our greatest horse painter continues with this magnificent exhibition, which clearly proposes him not only as our preeminent artist of the 18th century but as second only to Turner. The fact that we still designate him Horse Painter is at the root of the problem, for his popularity on that count, and his inclination to specialise, have long conspired to disguise the fact that a painter of horses may as well be a great artist as a painter of landscapes, or people for that matter. Ends Jan 6.

PARIS

Kandinsky: 70 paintings, many on loan from the U.S., Germany and Holland, are complemented by Nina Kandinsky's legacy of 700 drawings and sketches, by his correspondence, his library and his own collection. The vast retrospective, the most important in Paris since 1963, retraces the different stages in his creation: Munich, the Bauhaus and finally Paris. Centre Georges Pompidou, closed Tuesdays. Ends Jan 28. (277 1233).

Degas: His portrait of Diego Martelli and his astonishing Bureau des Cotons, with his Carnet 18 to be seen for the first and last time page by page, form the highlights of a vast exhibition of the master's sculptures, paintings, lithographs. Centre Culturel du Marais, 20-28 Rue des Francs-Bourgeois (272.73.52). Every day from 10am till 7pm. Ends Jan 37.

WEST GERMANY

Cologne, Museum für Ostasiatische Kunst, 100 Universitätsstrasse: The Museum of Far Eastern Art is showing Korean art, some of which is more than 5,000 years old. It includes storage jars, bronze and stone weapons, gold sheeting and ornaments, pearls, jade and glass, bronze figures and tombstones reliefs. Ends Jan 13.

Mannheim: Städtische Kunsthalle, 9 Moltkestrasse: a retrospective of Robert Häuser with 150 black and white photographs from between 1941 and 1984. Ends Jan 6.

Hamburg, Kunstverein, Glockengießerwall: Fifty-five paintings, water colours and gouaches by Edvard Munch, the Norwegian painter (1863 to 1944). Ends Feb 2.

Hannover, Forum des Landesmuseums, 8 Am Markte: Berlin Art between 1770 and 1930 has 200 bronze, gypsum, ceramic and china sculptures by artists ranging from Gottfried Schadow to Georg Kolbe. Ends Feb 17.

Düsseldorf, Kunstverein and Kunsthalle, 4 Grabbeplatz: Russian and Soviet Art – Tradition and the Present links the time of old Russian icon painting to today's contemporary approach with the help of 300 works of art. This is the most comprehensive show of Russian art presented in the Federal Republic. Ends Jan 27.

Marl, Sculpturenmuseum, Creiler Platz: Sculptures, drawings and graphics by Henry Moore depicting mother and child. The works include all his efforts to deal with this subject since 1922. Ends Jan 13.

Munich, Villa Stuck, 60 Prinzregentenstrasse: 80 coloured drawings from between 1880 and 1917 by Gustav Klimt, the Austrian chief protagonist of Viennese *Jugendstil*. Ends Jan 27.

Berlin, Nationalgalerie, 50 Potsdamer Strasse: "We Progress Continuously" has 300 sketches in preparation of nine paintings by Johannes Grützke, the contemporary realistic painter. Ends Jan 27

Bremen, Kunsthalle, 207 Am Wall: Water Colours from the 16th century includes Albrecht Dürer, Eugene Delacroix and Emil Nolde. Ends Feb 24

Münster, Westfälisches Landesmuseum, 10 Domplatz: More than 200 drawings and watercolours by Auguste Rodin, the French sculptor. The bulk of the exhibits have never been shown outside the Paris Musée Rodin. Ends Jan 20

Munich, Haus der Kunst, 1 Prinzregentenstrasse: The museum is displaying two exquisite shows. Nofret – the Woman in Ancient Egypt has 96 important works from between 2,500 B.C. and 200 A.D. on loan from Cairo. Ends Feb 10. Shogun offers a panorama of Asian culture in the everyday life of the Japanese dynasties between 1615 and 1868. Despite the limited number of exhibits from the Tokugawa Art Museum Nagoya in Japan, the show allows an insight into the position and importance of the Tokugawa princes. Munich is the only German venue of the exhibition which goes on to Paris. Ends Feb 3

VIENNA

The Vienna workshops: fashion and industrial design: The workshops, founded in 1903 by Josef Hoffman and Kolo Moser, introduced functional Jugendstil lines to all kinds of applied art. The workshops fell victim to the economic crisis in 1932 after producing a dazzling range of objects and designs, many now in the care of the applied arts museum. Futuristic, even bizarre cutlery, tea and coffee sets, lamps and textile designs are shown in the industrial design section of this exhibition. In the larger, less familiar fashion section sketches and photographs record a distinctive ladies fashion style from 1911 to 1932, dashing, willowy, elegant and exclusive. Museum of Applied Arts. Ends Jan 25.

NETHERLANDS

Utrecht, Central Museum. Rare silver of the Golden Age. The Van Vianen family of Utrecht provided the country's leading silversmiths for much of the 17th century. The 80 objects from London, Vienna, Leningrad, Berlin, Paris and Amsterdam inevitably focus on the work of Adam and Paulus Van Vianen, whose introduction of the auricular style and emphasis on the sculptural qualities of silver brought about a break with the past. Ornate yet graceful cups and ewers contrast with superbly chased tazzas and plaques depicting mythological and biblical scenes in low relief. The dazzling display is complemented by 17th-century paintings and drawings in which the Van Vianens' creations featured as sumptuous accessories. Ends Feb 10 (closed Mon).

S. Jessurun de Mesquita: Prints, drawings and decorative designs trace the career of this exponent of Art Nouveau who managed to combine simplicity and crispness of line in his woodcuts of people and animals with the bizarre extravagance of the "sensitivistic" drawings – fevered caricatures with a surrealist tinge. Amsterdam, Jewish Historical Museum. Ends March 10 (closed Mon). A smaller exhibition of the sensitivistic drawings runs concurrently in Rotterdam, Boymans-van Beuningen Museum.

Amsterdam, Rembrandthuis (Jodenbreestraat 6). Rembrandt as teacher. The intimate atmosphere of the house where Rembrandt lived and worked from 1639 to 1669 provides the setting for an exhibition of 75 drawings and etchings illustrating Rembrandt's teaching methods and the degree of influence he had over the future careers of his pupils, who included Ferdinand Bol, Gerard Dou, Govert Flinck and Nicolaes Maes. The show includes drawings with forceful corrections in the master's hand, finished compositions based directly on works by Rembrandt, and revealing instances of borrowings and outright plagiarism. An excellent, fully illustrated catalogue in Dutch and English guides the visitor behind the scenes of 17th-century studio theory and practice. (Ends Jan 6).

Enschede, Rijksmuseum Twenthe. A retrospective of Odile Redon, with 80 paintings, pastels and drawings, and 50 lithographs and etchings from the state collections. Ends Jan 20.

BRUSSELS

BBC exhibition on radio services and television including the French service and world service. Hotel de ville. Ends Jan 5.

The Written Word: Origin and Progess – Société Générale de Banque. Ends Jan 3.

هكذا بالأصل

DISTRICT GENERAL MANAGERS
IN THE NATIONAL HEALTH SERVICE

Health Authorities in the Yorkshire Region are seeking General Managers to lead their organisations.

New arrangements are being established following a Government Inquiry into NHS management. The major objective is to deploy available resources to optimum effect in support of health and patient care. The District General Manager will be personally accountable to the Health Authority for the implementation of plans and the management of existing resources in the most effective and efficient way, and will lead the top management team in the organisation.

District Health Authorities are currently reappraising their major strategies for the delivery of health services. Priority will need to be given to improving care for the elderly, the mentally ill and the mentally handicapped as well as exploiting to the full advances in modern acute medicine. This represents one of the most exciting challenges in management today.

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DEWSBURY Urban district centred on Dewsbury	164	20	Mr S Lyles CBE, "Fieldhurst", Liversedge Hall Lane, Liversedge WF15 7DD
EAST YORKSHIRE Largely rural district based at Beverley	184	33	Dr W McIntyre, West House, Westwood Hospital, Beverley, East Yorkshire HU17 8BU
HULL Urban and rural district centred on the port of Hull	316	53	Dr N C Varey, Victoria House, Park Street, Hull HU2 8TD
LEEDS EASTERN Major teaching district with extensive urban services.	354	68	Mrs P C Solk, 184A Alwoodley Lane, Leeds 17
PONTEFRACT Mainly urban district centred on Pontefract	170	21	Councillor R Widdowson, 2 Hillcrest Avenue, Featherstone, Pontefract, West Yorkshire WF7 5JS
SCARBOROUGH Mixed urban and rural district centred on Scarborough	141	17	Mr F W Pierson JP, Scarborough Hospital, Scalby Road, Scarborough YO12 6QL
SCUNTHORPE Mixed urban and rural district centred on Scunthorpe	193	21	Mr J P Mason, 17 Wells Street, Scunthorpe, South Humberside
WAKEFIELD Mainly urban district centred on Wakefield	142	37	Sir Jack Smart CBE JP, Churchside, Weetworth, Pontefract Road, Castleford, West Yorkshire

Yorkshire Health Region

Candidates should submit detailed applications in all cases to the Chairman at the address shown above by 17 January 1985.

Applications should be marked 'In Confidence – District General Manager Appointment'. Further particulars will be sent on request.

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Accountancy Appointments

International Appointments

APPOINTMENTS

Unilever head of insurance

Mr A. Sherazee has been appointed head of insurance, UNILEVER, to co-ordinate insurance activities on an international basis and will be responsible for the insurance departments based in London and Rotterdam. He will continue as chairman of Blackfriars Brokers, and Blackfriars Insurances.

★

NATIONWIDE BUILDING SOCIETY has appointed Mr Bernard Rozier as general manager (housing) to succeed Mr Tim Melville-Ross, who will become chief general manager from February 18. Mr Rozier was general manager (administration).

★

The UNION DISCOUNT COMPANY OF LONDON has made the following appointmentss: Mr R. M. Munro to the board; Mr R. R. Bowley and Mr J. R. Thursfield become assistant directors; Mr R. G. Carver, Mr J. R. Johnson, Mr A. C. Paterson, Mr D. W. Baskerville and Mr A. J. Anderson become managers; Mr R. N. Hilton and Mr A. T. T. Rottenburg become assistant managers.

★

Mr J. Bible has been appointed chief executive commerce in the UK and Ireland for MICHELIN TYRE in succession to Mr P. J. Lezer, who has retired. He was chairman and chief executive of Associated Tyre Specialists, a subsidiary of Milchelin.

★

Sir James Blair-Cunynghame has retired as deputy chairman and from the board of the PROVINCIAL INSURANCE GROUP. He will remain on the company's investment committee for a further 12 months. Mr D. K. Newbigging has been appointed deputy chairman. He joined the board in April 1984 after leaving the Far East where he had served as chairman of Jardine Matheson and Co.

★

Mr Michael Harris and Mr Sidney Hopkins have become general managers of GUARDIAN ROYAL EXCHANGE ASSURANCE. Mr Harris is general manager (operations control) and Mr Hopkins general manager (UK). Mr Peter Greenfield and Mr George L. Williams have retired as general managers of GRE, but continue as directors and will be retained in advisory capacities until the company's annual meeting at the end of May.

★

Two senior managing directors within the TARMAC building products division have been appointed to the divisional board: Mr Ian McPherson, managing director of Briggs Amasco; and Dr Michael Ray, managing director of the division's felt manufacturing group.

★

Mr Richard Hall has taken over as secretary general of the EUROPEAN FEDERATION OF DAIRY RETAILERS. He will retain his current responsibilities as liquid milk director of the Dairy Trade Federation in London. He succeeds Mr Francis Murphy who is retiring.

★

Mr Alasdair D. Waddell has been appointed to the board of LORIMAR DISTRIBUTION.

★

R.P. CARTER (SHOPFITTERS) has appointed Mr Harold Whincup as a non-executive director. He retains his directorship with Gatwick Handling. Mr Neil Carter has been appointed a director, and Mr Leigh Milne is financial consultant.

★

Mr Yukio Okumura has been appointed director and general manager of JAPAN INTERNATIONAL BANK, London. He was deputy general manager, international finance division of Mitsubishi Bank, in London. He succeeds Mr Katsuyoshi Naito who will be returning to Sumitomo Bank, Tokyo, after three years in London. Mr Hiroshi Kuroiwa from Sumitomo Bank, Mr Teruo Inukai from Tokai Bank, and Mr Yujiro Oshima from Daiwa Securities have been appointed London directors and will succeed Mr Hiroshi Takatori (Tokai Bank), Mr Shogo Moteki (Mitsubishi Bank) and Mr Hiroo Watanabe (Yamaichi Securities) who are taking up new appointments with their parent organisations.

★

Mr J. Peter Ford has been appointed to the board of BENATTY PETROLEUM of Edinburgh. He is chairman and managing director of International Joint Ventures.

★

NORWICH UNION INSURANCE is creating a separate management structure for its unit-linked life insurance subsidiary company. Mr Ron Sneedon has been appointed manager, managed funds.

★

BFI GROUP OF COMPANIES has appointed Mr Michael J. Butcher, a partner in Wedlake Bell, the company's solicitors, to be a non-executive director.

★

Air Marshal Sir John Curtiss has been appointed director and chief executive of SOCIETY OF BRITISH AEROSPACE COMPANIES. He recently retired from the RAF after some 40 years' service. His last service appointment was Air Officer Commanding No. 18 Group. He takes over from Sir Charles Pringle who has retired.

CONTRACTS

£7.5m for Llewellyn

LLEWELLYN CONSTRUCTION, Milton Keynes, has been awarded three contracts by the Milton Keynes Development Corporation with a total value of about £5m. All three have just started. These cover two housing schemes at Loughton, one for 63 housing units using Llewellyn's own timber-framed housing system, and the other for 50 houses which will be built traditionally. Both projects are due to be completed by the spring of 1986. The third scheme is for a two-storey office block at Linford Wood due for completion within the year. A contract for just over £2.5m has been awarded by the Brent People's Housing Association for 91 houses at Neasden, London. This is a design and build package scheme and the site start is in January.

★

International Container Leasing has placed orders worth $2m (£1.6m) for 400 open top and 50 tank containers to be supplied by European manufacturers. Two hundred 40 ft and 200 20 ft open top containers are to be supplied by an Italian company, Morteo Soprefin. Fifty tank containers, worth $900,000, have been ordered from ANF Industrie.

★

UD ENGINEERING CO, St Helens, has won a £1.3m order from Iran for a complete bottling line for IDIC's dairy in Isfahan.

★

The Ministry of Defence has awarded THORN EMI SIMTEC, Nottingham, a contract to supply radiac test sets for the Royal Navy. Worth over £500,000, the order is for instruments to monitor the presence of radioactivity on board ship.

★

Musandam Development Committee, has signed on behalf of the Government of the Sultanate of Oman, a contract for the preparation of remote Jebel telecommunications sites. The first stage of the site works is the preparation of the remote Jebel locations, which are only accessible by helicopter. Foundations will be constructed for equipment containers, towers, solar panels and windmill generators. The contract has been placed with LEHANE MACKENZIE AND SHAND. Worth RO 96,719 (£250,000), work has started, to be completed in three months.

★

Suffolk County Council has awarded ROADWORKS, a division of Jackson Group, a £1m Sudbury by-pass contract. Work is scheduled for completion in 56 weeks. In addition to construction of carriageways, existing roads, which will form part of the new by-pass, will be improved.

FINANCIAL TIMES
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Thursday January 3 1985

New Year's irresolution

AS HAS happened more often than not in recent years, the winter party season is being celebrated with rising market interest rates in London, and weakness in sterling. Because on this occasion Britain's own seasonal hangover — compounded, as usual, of an indecisive Opec meeting and inscrutable figures for public sector borrowing—is expressing itself in seemingly sensational numbers, with the pound dropping a cent or more in each day's thin trading.

Nevertheless the Government, taking its line from the gentleman who oversees the New Year festivities in Trafalgar Square, is resolutely turning a blind eye. Not for the first time, the question must be put: does this represent Nelsonian boldness, or just dithering?

Inactivity

The case for inactivity is quite a strong one, and deserves to be stated. First, so far as sterling's weakness reflects Opec's struggle to control the oil market, there is very little the authorities could do even if they wished. It is now just over 20 years since Mr James Callaghan discovered that a "crisis" rise in interest rates can have the opposite of the intended effect, when it is read as a sign of panic rather than of determination. So far as the problem is the strength of the dollar against all other currencies, there is still less that any outsider can do, as the Bundesbank has repeatedly demonstrated in recent weeks. Capital movements respond to interest rates and speculative fashion, and speculation dominates the markets in the holiday season.

In any case, the downward adjustment in sterling's effective rate — much less dramatic than the plunge against the dollar, but cumulatively telling — is not in itself unwelcome. Since the UK oil account is expected to weaken quite sharply during the second half of the decade, even by those who take oil company statements about reserves with a large pinch of salt, a long-term adjustment seems inevitable.

Both the growth of output and the balance of payments will in future depend much more on sales of manufactured goods and on services than they have in the past 10 years — a fact which carries an encouraging message for employment, though it also implies a warning about future inflationary pressures. Recent figures for export orders and deliveries suggest that competitiveness has now been restored far enough for industry to make a start on this process — not the outcome that might have been expected at the end of a year in which North Sea production and revenue peaked so sharply. It will be one of the more pleasant ironies of history if Mr Arthur Scargill turns out to have smoothed the adjustment in our terms of trade in the course of getting militancy a bad name.

The coal strike also provides the final argument for being fairly relaxed at the moment. Although the market probably believes that it has discounted a government victory, experience suggests that the sharp improvement in the current account, which will follow as soon as the pithead stocks can be mobilised in good earnest, will have its effect on the exchange markets, which respond to flows as well as to sentiment.

When all this is said, however, one or two disturbing questions do remain, notably about monetary policy. Fiscal borrowing may still prove to be on target—though so far as this is due to the oil revenue windfall which has resulted from sterling's fall against the dollar, it will hardly give much comfort to currency investors. Monetary policy, however, does look slack by almost any test except the two measures, MO and M3, to which the Government draws attention.

The stock market boom, the weakness of sterling, and the growth both of M1 and of broad private sector liquidity all point the same way. The fact that the authorities seem to be holding interest rates down at a time when money market rates would indicate a rise suggests that this is no accident.

Vigilant

There is a case for waiting to see if the December—or perhaps the January—money figures show whether the sharp rise in November was indeed a statistical freak, but not for doing nothing at all meanwhile. The funding programme seems to have been suspended because of the British Telecom issue, but it cannot remain suspended just because the market is soft. Some early action here would do more than anything to reassure the market that the authorities are vigilant steersmen rather than helpless spectators.

The trouble with Lee Kuan Yew

THE TROUBLE with Lee Kuan Yew is that it seems churlish to find fault with him. In 25 years as Prime Minister of Singapore he has led his island city state to remarkable prosperity, matching the affluence of a country like Italy. Singapore is cleaner than many a European city; corruption has been suppressed. In spite of occasional high handedness on the part of the Monetary Authority of Singapore, an environment has been created such as businessmen in the Third World usually only dream of.

Success

When Mr Lee called an election for last month, one might have expected that, once more, nothing would succeed as well as success. The electorate thought otherwise. Instead of the usual 75 to 80 per cent of the popular vote, Mr Lee's People's Action Party only received about 66 per cent. The number of opposition seats in the 79-member legislature doubled—from one to two.

Mr Lee quite rightly interpreted that as a signal from the electorate to the Government. He went on to utter threats, since repeated, that the established one-man-one-vote system might have to be modified. It sounded like an extraordinary piece of over-reaction, understandable only in the light of what Mr Lee fears the future may have in store for Singapore.

He is worried that a laxer generation may squander the wealth that their fathers have built up since the end of the colonial era. More important, having reached its present stature as an industrial and financial centre, Singapore cannot afford to stand still. To provide the services and high added value goods apt to make it into the "Switzerland of the East," Singapore must continuously improve the qualifications of its workforce.

Both matters were among the unspoken issues in last month's elections. Voters were unsettled by proposals to raise from 55 years to 60 the qualifying age for drawing on the Singapore Central Provident Fund. This is a fund to which everyone has to contribute a quarter of wages or salary, with a matching amount being paid by employers. The Government had taken care to take the issue off the boil during the campaign, but their uneasiness was not removed.

Mr Lee's concern for improving the quality of the labour force has led him to offer financial encouragements for women graduates to get married. At the same time, incentives are offered for less qualified women to undergo sterilisation after having two children. Again, the issue was not an open issue in the campaign. But this kind of eugenics is deplorable in itself and has not gone down well.

The voters' anxiety about the Provident Fund and about Mr Lee's ideas for improving the breed reflect a more fundamental difficulty that sooner or later needs to be faced. It is whether the Brave New World of cleanliness, efficiency and cool rationality which Mr Lee has fashioned will in the long run satisfy the aspirations and needs of the island's 2.5m inhabitants.

That it has done so hitherto must be taken as established. Even the reduced share of the popular vote achieved by Mr Lee's party is impressive. It has to be taken at face value, even though the democratic process is not unfettered in Singapore. The media are heavily controlled by the political establishment; and opposition, such as it is, is treated with contempt.

Democracy

But in contradistinction to his earlier habits, Mr Lee no longer locks up his political opponents. Democracy may often be manipulated in Singapore, but it is much closer to democracy as understood in the West than it is in most comparable Asian countries. Mr Lee can pride himself on having built upon that foundation a system that may justly be called elitist without the pejorative connotation nowadays often attached to that word.

Mr Lee's fears that ethnic and other diversities may undermine what has been achieved deserve respect. Yet in the years to come Singapore must consolidate its present achievements in the second industrial revolution. The adaptability and inventiveness required to that end are likely to flourish in a more pluralist society and body politic.

BA PRIVATISATION PLANS

A rare game of poker

By Duncan Campbell-Smith

CHAMPAGNE corks were already set to pop at the end of November, as the flotation of British Telecom hovered on the brink of final success. No one that week heard the impact on the Government's privatisation programme of a different kind of bang altogether.

A small bomb had in fact gone off under British Airways. It arrived at the offices of Hill Samuel, the merchant bank, advising the Department of Transport on its sale of the airline, and it came wrapped in a BA envelope.

The contents of that envelope effectively killed the chances of a BA flotation stone dead for the current financial year. And they triggered a period of frenetic activity, suspended for Christmas and now just getting under way again, on which must hang the prospects of BA reaching the private sector at all in the foreseeable future.

Hill Samuel had been asking BA's top executives for months past to address a most uncomfortable question. Mr Christopher Morris, the liquidator of Laker Airways, was pushing steadily ahead with a claim in the U.S. courts for damages against BA of more than $1bn. What reassurance could BA offer prospective shareholders that this contingent liability would never have to be met?

The airline's report and accounts published last June had airily dismissed Mr Morris's claim as "unfounded" in the briefest of footnotes to the balance sheet. Hill Samuel had quickly made clear that this was well short of a satisfactory response. But attempts to elicit something more substantial met with no success at all through the autumn.

It might be rash to construe this as deliberately evasive action on BA's part. On the one hand, it was more than a little pre-occupied until early October with a furious lobbying campaign against the July report of the Civil Aviation Authority urging the transfer of some BA routes to the independent airlines. On the other, it had reason to hope its legal difficulties in the U.S. would eventually be resolved with a helping hand from the Government at the very highest levels.

Still, BA's board does appear to have been excessively optimistic. It saw off the CAA report. It watched the Government prevail on President Reagan to scotch criminal action against it in the U.S. on anti-trust grounds. But by late November, Mr Morris was just as real a threat as he had always been. It was time, said Hill Samuel, for BA to put together a formal draft of what the sale prospectus might tell nervous investors about that billion dollar claim.

BA naturally turned to its U.S. counsel for the job. It requested a draft notice of the claim which would provide as much comfort as was compatible with a fair and truthful summary of the outlook for Mr Morris's suit. What it got back from New York was a thousand words which emphatically did

Lord King, chairman of British Airways: adjusting to adversities great and small

Ashley Ashwood

not add up to "unfounded."

Round went the opinion of Messrs Paul, Weiss, Rifkind, Wharton and Garrison to Hill Samuel at the end of November. The detonation was immediate. BA, said the bankers, would be unmarketable if the opinion were included in the prospectus—and unmarketable if it were not.

All three of the main parties to the BA sale—the financial advisers, Whitehall and BA itself—have adjusted to this extraordinary setback with remarkable discretion. Behind the scenes, though, their reactions have differed in subtle and revealing ways.

For the advisers, and especially Hill Samuel, it has entailed a good deal of frustration. Weekly drafting meetings since the middle of October had produced an almost completed prospectus by the beginning of December, accompanied by a U.S. registration document in case the decision were taken to float BA on both sides of the Atlantic simultaneously.

These documents only awaited the insertion of BA's pre-privatisation balance sheet: a delicate matter, admittedly, but not an inordinately complex one. As a result of the delay—which means that BA's privatisation will now have to come after the Budget—the sale prospectus will have to include the audited results for the year to next March 31. And if there is any delay much beyond the publication of these results, a profit forecast for 1985-86 will also be required.

In a more general sense, the frustration of the City advisers can also be attributed to their sudden sense of impotence. Having already endured a two-month delay in August-September for the political row over the CAA report, they have now to sit on the sidelines once again. At a time when the advisers might have been hoping to settle final decisions such as the method of sale and the breadth of the marketing campaign, they must await the outcome of a legal conundrum which has left them as much in the dark as almost everyone else.

Whitehall's reactions look much more complicated. Obviously, since an immediate goal of Government policy had been made much less accessible, the Laker factor could hardly be seen as encouraging. But news of the legal problem seems to have caused less than widespread dismay.

Indeed, it is easy to imagine the faintest smile gliding across more than a few Whitehall faces. Lord King, the chairman of BA, has consistently used his own skills as a publicist to upstage the more traditional deliberations of the civil service: by temperament, he seems inclined to seek de facto acceptance of his initiatives by pushing them ahead as publicly as possible, outflanking Whitehall's objections in the process.

BA seems to have used this approach in encouraging expectations that mid-February had been set as the target date for its privatisation. Neither the Treasury nor the Department of Transport appear to have been happy with such a precise schedule—which first emerged publicly at the start of November—and the collapse of Lord King's timetable probably caused some private satisfaction in both ministries.

As this might suggest, relations between the board of BA and the civil servants in charge of its sale have undoubtedly been under strain. The ebullience of Lord King and some of his colleagues has underlined the contrast evident in the tactical approach of the two sides. But there have been deeper causes of friction, too—and, here again, Whitehall might regard the legal delay with rather mixed feelings.

It is clear that in the exchanges of the last few months over BA's capital structure, the airline has not been averse to trying to twist the arm of Mr Nicholas Ridley, the Minister of Transport, on a number of subsidiary issues. BA is seeking, for example, to minimise the possibility that it might be asked to move some of its services to Stansted airport by arguing that this could add £150m to its future cash needs.

> Relations between the BA board and the civil servants in charge of its sale have undoubtedly been under strain

Similarly, BA is insisting that the Government raise its traffic capacity ceiling for Heathrow Airport. If it does not, says the airline, then wider-bodied aircraft will have to be added to the BA fleet. And this could add 50-60 per cent to the capital expenditure projections which the City has been assuming until now for 1985-86 and 1986-87.

Against this background, the extension of the flotation schedule has the obvious disadvantage for the Government that a few more months will be available for squabbles over these and other subordinate issues which might be damaging to the main task in hand. By the same token, however, the delay may have given the Treasury a welcome respite to appraise BA's own assessment of its balance sheet requirements—with less pressure to reach immediate agreement.

Lord King delivered that assessment ostensibly with every confidence that immediate agreement was hardly more than a formality. If 100 per cent of BA were to be sold for £1bn, he wrote to Mr Ridley on October 31, then it was his happy privilege to be able to tell the Minister that the Government could look forward to retaining more than 50 per cent of the proceeds.

Thanks; but no thanks, was the essence of the Treasury's reply to that. Towards the end of November, at a formal meeting between the two sides, the Treasury indicated that—far from injecting £400m or more of the proceeds back into BA, as Lord King had in mind, to help push debt well under 50 per cent of shareholders' funds—it envisaged a £100m injection as a realistic maximum.

Lord King and his board were invited to go away and work out all the implications of that. After five days juggling its October 31 figures, BA replied uncompromisingly. The £100m plan, said the airline, would force it to cut another 5,000 jobs and sell off a whole category of airplanes. . .

But by the time this dire prognosis hit the Minister's desk, BA was already engulfed in the consequences of that opinion from its U.S. counsel on the pending Laker suit.

What, finally, has been BA's own reaction to the legal setback?

It is not the first difficulty encountered by Lord King's board. Its early decision not to contemplate shareholders' perks, for example, encountered some private criticism in the light of BT's experience—and the Department of Transport has clearly had second thoughts about BA's initial preference for a preponderance of institutional shareholders. Again, the airline's express wish to leave the privatisation advertising campaign to its own agency, the Dorlands subsidiary of Saatchi and Saatchi, has been rejected by the Government and its advisers. The mandate has gone to Allen Brady and Marsh, a rival agency.

But none of these issues, sometimes to Whitehall's consternation, have had any conspicuous effect on the self-assertiveness of the company's directors. The striking thing, indeed, is how fast and how adroitly they have adjusted to adversities big and small on the road to privatisation. And their response to the Laker liquidator's threat has proved no exception.

Within a matter of days at the start of last month, talks were under way to strike an out of court settlement with Mr Morris. Lord King summoned all his colleagues to BA's St. James's Square headquarters on December 14 and told them the news: a deal would be struck.

When and how, of course, remains another matter. The talks have proceeded in great secrecy, with Mr Morris himself in purdah for weeks past. Since BA is only one of 12 defendants being sued by the liquidator, the first task was to establish that all 12 were disposed to settle, on the right terms.

BA evidently wasted no time making clear that it would go it alone if necessary. It was quickly agreed to seek an all-in-one package.

An expert team of solicitors led by the City firm Linklaters and Paines was assigned to the work of negotiating that package with Mr Morris, while BA inevitably found itself left with the role of co-ordinator between the lawyers and the other co-defendants.

The optimists are hoping for a successful outcome before the end of this month. They can point to the fact that 85 per cent of civil anti-trust suits such as this one are settled out of court in the U.S. And Mr Morris may have to prove himself a gambler of steely nerve if he is going to sit it out for much longer in this company with the hope of a higher pay-off.

But he retains three powerful cards in his hand, whatever the legal merits of his case. He knows the UK Government is keen to avoid further public battles between U.S. anti-trust principles and the time-honoured regulation of the North Atlantic air routes. He knows BA is anxious to forestall the additional disclosures which might be required of it by any long-running U.S. court action. And he knows that a settlement is now seen as virtually a *sine qua non* of any BA departure for the private sector this year. It looks a rare game of poker.

Men and Matters

Lines of defence

Let us hope no hostilities break out in the next few days—for confusion reigns at the Ministry of Defence.

Michael Heseltine's reorganisation of the MoD's top brass came into effect yesterday. His intention is to weaken the power of the Service chiefs and provide a "defence-wide" framework for the formulation of defence policy, strategy and the defence budget.

No doubt he will succeed in the end, but for the time being anyone outside the MoD (and probably inside it) who seeks enlightenment from the 680 top men and their 1,200 staff, is stymied by the decision to change their telephone numbers as well as their jobs.

You want to talk to the official who, until last week, was in charge of procurement policy? Well, the deputy under-secretary (finance) now answers on that number. He is a key man—but in the newly created Office of Management and Budget not in the Procurement Executive.

Other spot checks yesterday found some phones constantly engaged, others not being answered.

There is a new telephone directory, but it is provisional and, naturally at the MoD, highly confidential.

An MoD spokesman loyally insisted that everything was going as well as could be expected. But Rear-Admiral Nick Goodhart, who once had a desk there but now edits Brasseys British Defence Directory, had other views.

"It's a mess," he said, adding that he was "flapping about like a fly with three tails" trying to winkle the new phone numbers out of his contacts in time to publish his update on the reorganisation next week.

Goodhart charges his 400-odd customers £150 apiece for the directory, revised with changes in MoD postings four times a year. Next week's edition should be the most valuable ever—even though Brasseys, in a long-running battle, has so far failed to persuade the Ministry to allow publication of the phone numbers of anyone below the rank of brigadier.

"I can't think why they're so fussy," Goodhart said. "The Russians don't buy the publication—they employ their own men in putting the information together."

Burmah surplus

With a bit of luck this will be positively the last story to be written about the saga of the Burmah Oil shareholders' group.

Old hands will dimly remember that, in December 1974, the company collapsed to the horror of its 164,000 shareholders. For seven years after that cataclysmic moment, the Burmah Shareholders Action Group worked ("tirelessly" they tell me) to recover some of the value of Burmah's shares for themselves.

They reckoned the government of the day had sold them down the river by arranging for the Bank of England to acquire Burmah's shareholding in BP at a very low price.

Burmah brought proceedings against the Bank of England four years ago. But the decision went against the company.

There the matter might have rested, just a footnote to the commercial history of the 1970s, had not the solid citizens of the shareholders' action group (who even made a gramophone record to support their struggle) been so open-handed with financial support for their cause.

When the group was wound up they had subscribed some £90,000 to their fighting fund—and some £7,000 was left over.

The money has now been used to set up a charitable fund in memory of John Rankin QC, their first president, who died in 1981. The fund's purpose is to advance education among young students of law or accountancy and, perhaps, Whitehall tactical studies?

"I can't make my mind up whether to surge back to work today or trickle back next week."

Follow on

Grays of Cambridge, the sports equipment makers, has been established eight years longer than Wisden's, the famous cricketing almanack, which lack of cash has now forced it to sell.

Ironic, too, that this old family firm should end its association with the 121-year-old publication shortly after sponsoring the successful hunt for the unmarked grave of John Wisden, its creator. A memorial was erected over his remains in Brompton Cemetery last April in the centenary year of his death.

But the sale to McCorquodale, a security printing group better known for its cheques and credit card work, is not the first time Wisden's has changed hands. When the original company went bust in 1938, it was taken over by the Co-operative Wholesale Society before passing to Grays 15 years ago.

It should be in good hands with McCorquodale. Nicholas Heroys, finance director, is a committee member of Kent County Cricket Club, though he stresses that played no part in the decision to buy the almanack.

Grays hopes to renew its connection with Wisden before too long. It has an option to buy back a half-share in the publication some timet his year—and has every intention of exercising it once its financial problems are sorted out.

Getting ahead

Dr Martin Marko, former public relations director of a car factory in Bratislava, appears to have done for modern Czechoslovakia what the Captain from Koepenick did for the Kaiser's Germany and the Good Soldier Sohwejk for the Austrian Empire.

Weary of touting Skoda cars, the doctor of law founded his own state company, aptly naming it Progress. He mailed circulars to hundreds of Communist Party organisations, offering to sell them handsome gilded busts of Czechoslovakia's party chief and president, Gustav Husak. Every party organisation must have one, he avowed.

He also offered to hold political seminars for ambitious party functionaries and gave the number of the bogus company's postal giro account for prepaid orders.

In no time at all, 476 party organisations deposited 693,000 koruna ($100,000) for the non-existent busts and seminars—and Marko packed his bags for what he thought would be a well-deserved trip to Yugoslavia.

But two companies grew suspicious about the quality of the home-made rubber stamp on the circular—though, interestingly, not about the gilded busts. They tipped off state security and Marko was arrested. A court in Bratislava has now sentenced him to 13 years in prison, a 20,000 koruna fine, and damages.

Observer

هكذا اصبح الأصل

Ethiopia's economy

The delicate balancing act of Col Mengistu

By Tony Walker, recently in Addis Ababa

FOR Colonel Mengistu Haile Mariam, chairman of the Worker's Party of Ethiopia, 1984 was to have been a year of celebration, marking the 10th anniversary of the overthrow of Emperor Haile Selassie and the transition to Africa's first Marxist-Leninist state.

But instead of a propaganda windfall for the Mengistu regime, its anniversary year turned into something of a nightmare in the face of a terrible famine across much of Ethiopia, a worsening economy and a resurgent separatist movement.

Not that the worst natural disaster in recent Ethiopian history deflected the country's dour leadership from expensive anniversary celebrations in September in Addis Ababa's Revolution Square. These were organised by the North Koreans, who were, no doubt, the inspiration for the outsize portrait of Colonel Mengistu in classic Socialist-realist style that dominates the square.

The trappings of a Socialist state are much in evidence. Ethiopia's leader is referred to in official pronouncements as "comrade chairman," and boldly displayed political slogans denounce "imperialism" and laud "proletarianism." The country is ruled by a Soviet-style politburo, and Lenin is honoured with a large statue next to the presidential palace in Addis Ababa and portraits in cities and towns throughout Ethiopia.

To the visitor, Ethiopia is a country of stark contrast and infinite paradox. It is difficult to reconcile the view of life in Addis Ababa, a city of pleasant tree-lined streets and mild climate, with the scenes of human degredation in refugee camps several hundred kilometres to the north, just as it is jarring to compare the efficiency of the national airline with that of the opaque Ethiopian bureaucracy in the capital which required, even for a short taxi ride during the recent Organisation of African Unity Conference, the filling in of forms in triplicate.

Since the coup of 1974, Ethiopia's new rulers have staunchly looked towards the East Bloc for support and inspiration. The Soviet Union has supplied massive quantities of arms for the war against Eritrean separatists in the north and against Somali-backed dissidents in the Ogaden Desert in the south-east. Cuban troops fought on the ground to help put down the insurrection in the Ogaden which peaked in 1977 and 1978 when there was a fierce border war between Ethiopia and Somalia.

Ethiopia's relations with Sudan on its western flank have long been strained. Khartoum provides backing for Eritrean separatists. Addis Ababa reciprocates by giving support to Sudanese rebels

In the face of its many security threats, the Mengistu regime has tended to blame outside forces, notably the U.S., which has close links with Sudan and Somalia, for fomenting trouble on its borders. The Soviet Union continues to be the beneficiary of this antagonism towards the West.

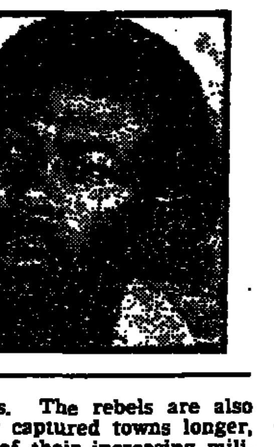
The intriguing question in Addis Ababa now is what effect the Western-backed aid effort will have on Ethiopia's outlook. Will it encourage a less hostile view of the West on the part of Colonel Mengistu and his advisers? And will this in turn make an administration hitherto committed to a state-controlled, centralised economy more susceptible to reforms advocated by the World Bank and accepted by an increasing number of African governments?

Western observers in Addis Ababa, who note that it is difficult to assess government thinking because direct contact with senior officials is discouraged, say that the generosity of aid donors in the West, particularly the U.S. which is providing the bulk of emergency food supplies has made an impact in ruling circles.

These observers regarded it as significant that almost one month after the international airlift of food grain began, Ethiopia's Government-controlled press acknowledged American assistance. The press has also toned down its attacks on the "imperialist West."

There is no doubt the U.S. stole a march on Ethiopia's East Bloc friends by promptly agreeing to supply $25m worth of fuel to transport relief supplies and by allocating some 131,000 tons of wheat for Ethiopia in 1984-85, 50,000 tons of which is to be given directly to the Ethiopian authorities instead of going to non-Government agencies which is traditional U.S. practice in Ethiopia.

A father with his children at the Korem aid centre



Col. Mengistu (right) whose regime faces a terrible famine, a worsening economy and a resurgent separatist movement

The Soviet Union, for its part, was slow to respond to Ethiopia's call for help, and its level of assistance does not match that provided by the U.S. and other Western aid donors.

But while the famine, which is threatening the lives of 7m Ethiopians, is the Mengistu regime's immediate worry, it is the threat from Eritrean and other rebel groups that is the Government's main preoccupation.

The battle against Eritrean secessionists, and against rebels in Tigre province, adjoining Eritrea, is said to be costing some $500,000 a day and tying up half the 300,000-man Ethiopian army.

Eritrean rebels now control the coastal strip north of the port city of Massawa, including Mersa Teklay, an important depot for seaborne military supplies. The rebels are also holding captured towns longer, a sign of their increasing military strength. A case in point is Teseney, near the Sudanese border, which has been in rebel hands for most of this year.

A Western military attache in Addis Ababa estimates about one sixth of Ethiopia is under threat of insurrection. Eritrean rebels are menacing the main northern road that links Teseney, Asmara and Massawa, and to the south, Tigrean rebels pose a constant threat to regional centres like Korem and Lalibela.

Security ties with the Soviet bloc are thus likely to increase rather than diminish. This, most observers believe, is unlikely to create a climate conducive to economic reform.

Yet the reforms advocated by the World Bank and other donors are vital, say Western agricultural experts in Addis Ababa. GDP growth over the past decade has lagged behind population increase (2.5 per cent a year), and poor prices for coffee (60 per cent of export earnings), the cost of the war and the drought itself has left the country with a bleak economic outlook.

Ethiopia's terms of trade worsened markedly in the three years to 1982-83, declining about 27 per cent due in part to a drop in coffee prices. In 1982-83 (the latest figures available) the trade deficit was $327m.

The trading position has almost certainly deteriorated further in the last year, and its traditionally low debt-service ratio of around 11 per cent is rising.

According to the World Bank, the economy remains hampered by its weak infrastructure (notably roads), low productivity in agriculture, heavy dependence on coffee, a small industrial base, and shortages of skilled manpower.

The most chilling forecast, for a country where hundreds of thousands have already died through drought and famine, is that food aid will be needed for at least the next decade. If the country is ever to achieve self-sufficiency in food grain, most experts believe there must be massive new investment in agriculture and a sweeping overhaul of the inefficient state controlled agricultural marketing system.

A recent World Bank report on Ethiopia is scathing about the poor performance of the country's state farming sector, noting that the government's efforts to "augment food supplies through the expansion of state farm grain production turned out to be a very costly experiment."

The basic economic issue, the Bank believes, is not whether state farms can be made more profitable, but whether resources now being devoted to this sector could yield a higher rate of return if distributed among the peasants.

The outcome is critical, for the agricultural sector dominates the economy, contributing nearly 50 per cent of GDP and 90 per cent of exports. Yet true to its Marxist ideals, the Mengistu regime is seeking, under its 10-year economic plan, to extend the system of collectivisation (about 10 per cent of the arable land is farmed by the state).

At the same time its short-term response to the food shortages in the north may have as much to do with military strategy as humanitarian relief. The government plans to resettle thousands of northern families in the less drought-prone south-west. Critics allege that it is an attempt to thin out the population in the troublesome northern provinces, and Western countries have refused the service of their aircraft for the move.

The economic debate is unresolved. The combination of donor pressure, together with the parlous state of the economy and the demonstrably poor performance of state farms, may see the peasant sector getting a larger allocation of funds—but there is little evidence of a longer term major review.

It is more likely, observers believe, that Colonel Mengistu will embark on a balancing act. Assistance and expertise of the order desperately needed is not available from the Eastern bloc. Recognition of this may be leading to a slight softening in the regime's anti-American stance, while also allowing some of the reforms which are conditional on Western donor support.

But the bottom line, as one Western observer in Addis Ababa put it, is the security threat. As long as that persists, the Soviet foothold in Ethiopia appears secure.

Samuel Brittan's Economic Viewpoint will resume in next Thursday's FT.

Lombard

How speculators call the tune

By Philip Stephens

ECONOMISTS with the temerity to forecast the value of the dollar can hardly have a worse year in 1985 than in 1984.

But before they predict that "fundamentals" are about to reassert themselves to bring the dollar crashing down or that U.S. interest rates will keep it riding high, they might like to take a closer look at what has been happening to the markets themselves.

For if 1984 was the year when the U.S. currency defied gravity it was also the one in which the true shape of unfettered foreign exchange markets clearly emerged.

Currency futures and options have come of age, the 24-hour market between Europe, the U.S. and the Far East has developed further and chartists have gained a new influence on currency movements.

At the same time many of the world's multinationals are joining traditional heavyweight speculators like the Soviet Union, Singapore and South Africa in seeking a quick profit on foreign exchange markets.

The result has been a degree of volatility between currencies and unpredictability which just a few years ago was unheard of.

The value of the dollar—and other major currencies — regularly fluctuates by 1 or 2 per cent over a single day. On one memorable occasion in September when the Bundesbank decided to join in it moved by as much as 4 per cent.

None of the factors which emerged in 1984 was entirely new. The speculative sorties of the Soviet Foreign Trade Bank and the Singapore Monetary Authority have been vexing foreign exchange dealers for some time.

And the need for liquidity from an interbank market in foreign exchange means that only a fairly small proportion of deals have traditionally been linked directly to trade.

Yet the divorce between the market and "real" transactions to finance imports and exports is almost complete.

Unofficial estimates by one European central bank suggest that under 5 per cent of currency deals bear any relationship to trade or long term capital flows.

When another central bank, Sweden's introduced rules requiring that at least 5 per cent of all banks' currency deals must be based on orders from customers, the business of most local banks fell considerably.

Even a corporate buy or sell order is no guide to whether the transaction is linked to a commercial deal.

Two of Europe's leading car manufacturers, for example, have set up big foreign exchange operations which act as banks in all but name to trade currencies in Europe, the U.S. and the Far East.

An oil company in London regularly quotes two-way prices for most leading currencies.

Much to the chagrin of the banks, these companies operate without formal restriction on their currency risks, so they can hold speculative positions for long periods.

At the same time the development of currency futures, and more recently, options has given a collective might to relatively small businesses and individuals who want to gamble on the foreign exchange markets.

The International Monetary Market in Chicago used simply to mirror what was happening in interbank trading, but its futures contracts can now set the pace for that market.

It is the development of this speculative side of the market that has dented the Bundesbank's confidence that underlying economic conditions should soon reassert themselves to bring the dollar lower, and has led it to adopt a policy of often disruptive intervention.

As one official explains: "We always give the market the benefit of the doubt but it is often irrational. We need to create uncertainty for those who are simply playing the market."

Even Beryl Sprinkel, U.S. Treasury Under-Secretary, the champion of market forces has privately expressed doubts as to the benefits of a completely unfettered market in foreign exchange.

The signs are though that the trends established in recent years will grow stronger rather than weaker.

Those economists who base their currency forecasts on purchasing power parity and balance of payments positions may have a long time to wait.

Letters to the Editor

Skills in short supply

From the Managing Director, Rhoden Partners

Sir,—The skills shortage foreseen by Mr Miskin (December 27) is already here. At a time of redundancies and staff cut-backs, even in engineering, our small company finds it impossible to recruit just one or two manufacturing engineers as machine designers and we could do with several more than that.

The skills desperately needed in machine designers are a combination of creativity, sound engineering, an appreciation of engineering economics and the ability to communicate. Such combined skills are apparently not taught academically or developed during industrial training.

G. Wittenberg.
231, The Vale,
Acton, W3.

Plan of action wanted

From Mr G. Hunt

Sir,—Mr Miskin (December 27) has identified one of the problems which face British industry. Has, incidentally, British industry always been willing to face these problems?

What is the Institute of Production Engineering—of which Mr Miskin is the secretary—actually doing to solve this problem?

"We must encourage youth, and those responsible for their education . . ." appears not to be a very committed in-depth approach to the recruitment, training and subsequent proper utilisation of the "industrial aristocrats of the future."

I agree wholeheartedly with what Mr Miskin writes, but would be somewhat happier if he, or his Institute, had laid out a plan of action to overcome this shortcoming of British industry.

Geoffrey P. Hunt.
97, Finch Road,
Chipping Sodbury,
Bristol, Avon.

Management attitudes

From Mr P. Harries

Sir,—Mr Miskin (December 27) is right to stress the need for high calibre young production engineers. But from my experience in that profession I wonder how long it would take them to become disillusioned by management attitudes.

In the 1960s, working as a consultant in a client company, it proved possible to reduce the time taken to manufacture a Lloyd's Class 1 boiler from 18 months to 14 weeks and eliminate a £1m trading loss at 1960 prices. Although many radical changes were introduced into a closed shop, union co-operation was excellent while management was plainly obstructive.

At that time I felt my profession was under-represented in Parliament and stood as a candidate. Whereupon the client immediately terminated my contract.

In the 1970s I worked as a member of a company making a poor profit. Using production engineering techniques it proved possible to increase the capacity of a grossly overloaded £240,000 computer by a factor of 2.6 for no extra cost. This improved the ability of my company to compete in nuclear power station design tenders. Shortly afterwards I was made redundant.

Since when I have enjoyed a pleasant and increasingly prosperous life — presumably because I have escaped from the cramping and negative attitudes of management.

P. E. Harries.
Pembroke House,
Main Street,
Pembroke, Dyfed

The NHS and drugs

From Mr J. Cooper

Sir,—While acknowledging the balanced view of your leader column (December 28) may I please make four points.

On a cost-effective basis drugs are the best investment made by the NHS. The reason: the development of new drugs and therapies accelerate the treatment and cure of patients, reducing periods spent in hospital and the requirement for medical care. Specifically in a 20-year period the cost per annum of treating mental illnesses was cut by £354m a year: treating TB by £300m; hypertension by £40m and so one could go on. In fact in that period after the payment for all pharmaceuticals the NHS saving or profit was £48m a year.

New drugs and therapies save lives. To give just two examples. In 1948 there were 48 infant deaths per 1,000 live births; in 1982 there were 13—18,000 babies' lives were saved. The death rate for people with respiratory TB was cut from 17,000 in 1930 to 25 in 1982. Incidentally there is a truism in medicine that the further from the patient, the more one thinks of cost.

Employment is the nation's greatest problem. If Mr Fowler pursues his intention he will inevitably add to the out-of-work in the pharmaceutical industry. In fact he already has in medical journalism and advertising where some publications have ceased, and others reduced their sizes.

If Mr Fowler pursues his policy—inhibiting or eliminating competition amongst drug companies—he is diametrically opposing basic Conservative policy.

Finally I submit that both Mr Fowler and Mr Lawson should acknowledge that any fool can save money by cutting costs . . . and diminishing an enterprise. The clever trick is not to save money, but to make it. Good profits enable new investment and create better opportunities and new jobs.

John St John Cooper.
9, Hodford Road,
Childs Hill, NW11.

Defining the watchers

From the Director, Broadcasters' Audience Research Board

Sir, — While Mr Pavelin (December 20) is correct in stating that BARB's measurement of TV audiences does not (at present . . . my addition) include those programmes which are recorded at home for playing back later, he is incorrect in assuming that viewing of "second" sets is not covered.

All domestic sets powered by mains electricity are included in the measurement. In fact new measurement equipment introduced during 1984 had made panel members' task easier to the extent that representation of second or third, etc. sets is likely to have been improved. Those comparatively few sets powered only by battery are not yet included in the system.

During 1985 AGB (our data supplier) will include video recorder usage in the measurement system. From about the middle of the year we shall have the ability to include viewing which results from using the recorder as a TV tuner, as well as to estimate recording and playback levels.

The BARB audience measurement system has changed and will continue to do so as technology in the home dictates and as measurement technology permits.

Nigel Newson-Smith.
56, Mortimer Street, W1.

Incentives for pensions

From Mr A. Jefferies

Sir,—Deluged as the Chancellor is with conventional pleas that every morsel of financial benefit to anyone should remain inviolate for ever, he may overlook a few fundamental points.

In a fiscally neutral savings environment very long term provision such as is required for a retirement pension is ignored by most people until the long term telescopes to the very short term by which time it is too late. Therefore a major incentive is needed and what better than a strong apparent tax incentive?

Employers are not charitable welfare institutions and they too need a strong incentive to undertake the hassle and expense of ensuring that their employees are to be provided for when they are too old to work. Again, what better than a tax incentive?

In so far as the tax avoidance industry has found ways to burrow through the woodwork and exploit highly desirable arrangements designed to encourage people to make provision in good time for themselves and dependants, it should be given some short, sharp, shock treatment and good luck to the Chancellor.

But let's get as many people as possible providing for themselves and for others well ahead of need. Maybe at 55 I am biased!

A. E. J. Jefferies.
30, Parkland Crescent,
Horning, Norfolk.

Changing the rules

From Mr C. Watkins

Sir, — I have read Michael Prowse's article on tax reform (December 21) and write to insert one or two thoughts which he presumably omitted because they did not suit his argument.

If capital and income are treated as being the same, what becomes of the incentive for either entrepreneurs or investors to take risks? They may as well leave their cash either in building societies or index-linked bonds.

Those who have saved from their incomes to provide for their old age might justifiably object to having the rules changed so drastically.

Presumably owner-occupied houses would become capital gains taxable, and what happens to mortgage and other tax reliefs?

The justification for not taxing capital so heavily as income lies in the fact that capital stems from taxed income in the first place. The Chancellor has therefore already had his share.

Incidentally I object to stockbrokers always being picked on. What about some of the gentlemen in your industry? Incidentally, while writing, I should prefer a reduction in the price of your paper to a daily apology.

C. M. Watkins.
170, Brentwood Road,
Herongate, Brentwood, Essex.

FINANCIAL TIMES

Thursday January 3 1985

COAL BOARD MAY BUY MORE FOREIGN FUEL AFTER STRIKE

More UK miners return to work

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

FOUR COAL mines in the North-east of England produced coal yesterday for the first time since the miners' strike over pit closures began 10 months ago.

The National Coal Board (NCB) described the development as highly encouraging and said it indicated a surge back to work next week when the holiday period ends for all pits. It said 300 miners returned to work yesterday for the first time in 10 months when most collieries re-opened after the Christmas holiday.

Mr Peter Heathfield, the National Union of Mineworkers' (NUM) general secretary, said last night, however, that many mineworkers who had been working before Christmas had returned to the strike, and that the NCB's figures were "completely misleading."

He said: "Next week is obviously the crucial week, but I am confident that at least 60 per cent of miners will continue to back the union and that's a majority by anyone's standards."

It became clear yesterday, that the British Steel Corporation (BSC) is likely to reduce considerably its purchases of UK-produced coking coal once the strike is over. Only two of BSC's five main plants are likely to take British coal – and they will almost certainly change their buying policy from total dependence on British coal to a mixture of British and foreign coal.

Mr Phillip Weekes, director of the NCB's South Wales area, where much of the UK's prime coking coal is produced, said last night: "I think we will see more second sourcing by BSC, and tougher negotiations on price."

The majority of the "new faces" reporting for work yesterday were in North Derbyshire (137) and the north east of England. Fewer than 12 new faces returned in Yorkshire – but only two of the area's pits were open. Most Yorkshire pits will open today and a further six on Monday.

Elsewhere, the NCB reported many men taking the remainder of the week off in rest days in order to prolong their Christmas break, and said it would not comment officially on the figures until next week. In all areas picketing was reported as light.

The NCB's private optimism, however, is based partly on the relatively high Derbyshire and North-eastern figures, and partly on reports from area officials which continue to suggest a tide of feeling for a return to work. Thus, although only 117 of the 20,000 miners in South Wales were at work yesterday – 10 fewer than before Christmas – NCB officials believe the number will increase sharply in the weeks ahead, even in this most solid of areas.

Production has restarted at the four north-eastern pits of Herrington, Vane Tempest, Wearmouth and Whittle, with coal being stored on the surface or underground at all of them. At Ellington, also in the North-east, the return to work of members of the pit supervisors' union allowed the 300 working miners to go underground for the first time, to start work on recovering the transport system which takes faceworkers seven miles out under the North Sea.

The crisis facing the NCB in the coking coal market once the dispute is ended was highlighted yesterday by a letter from Mr Richard Hickmet, Conservative MP for Glanford and Scunthorpe, to his constituents. In blunt terms he says that the foreign coal now substituting for UK coal in BSC's coke ovens "is cheaper and produces better steel."

He says 5,000 Yorkshire miners whose pits have supplied the BSC Scunthorpe works with 28,000 tonnes of coal a week should ask themselves whether there are going to be any jobs to return to when the strike ends.

The two BSC plants of Llanwern in South Wales and Scunthorpe had been wholly dependent on South Wales and Yorkshire coal respectively, and are now being supplied with foreign coking coal.

Ravenscraig, BSC's Scottish plant, took about 15 per cent of its coal needs from Polkemmet pit which is now flooded and might not reopen.

About 6,000 miners in Gwent are dependent on Llanwern. Mr Weekes said he did not think that the bulk of the market would disappear, but that the Gwent pits would no longer enjoy a monopoly.

A significant proportion of BSC's loss of about £3.5m a week is accounted for by extra transport costs to beat the rail blockade of its plants, and to bring coal and iron ore in to a large number of small ports, where handling facilities have had to be created.

BSC last year took 4.3m tonnes of UK coking coal and 2.6m tonnes of foreign coal.

Mr Stan Orme, Labour's energy spokesman, yesterday called on Mr Peter Walker, the Energy Secretary, to allow the NCB to start negotiations once more.

Strikes cost more lost days, Page 5

Belgrade urged to counter inflation threat

By David Marsh in Paris

YUGOSLAVIA has been urged by the Organisation for Economic Co-operation and Development (OECD) to step up the fight against inflation which is posing a serious threat to the Government's economic stability programme.

In the annual OECD report on the Yugoslav economy, published today, the Secretariat says the country has made progress over the past two years in laying the ground for improved economic performance.

Growth has continued at a modest pace in spite of restrictive public expenditure policies and success in balancing the country's external accounts.

With the year-on-year rise in the cost of living running at about 55 per cent, however, the OECD terms inflation "a serious problem which, if not controlled, would risk undermining the implementation of both macroeconomic and structural policies."

The OECD says Belgrade will need to take new policy initiatives to bring about a significant fall in inflation as "prospects for rapidly unwinding the current inflationary spiral are not very promising."

The OECD urges the authorities to pay more attention to curbing rises in nominal income and to monitor further the influence on prices of the depreciating dinar. It calls for real interest rates to be adjusted to positive levels, although the report cautions that this should not lead to an excessive increase in companies' financial burdens.

The OECD also recommends greater control of monetary and credit developments, which would include the authorities taking into account the persistently high credits made between companies.

Economic growth measured by social product is estimated to have been around 2 per cent in 1984, following near stagnation in the previous three years. The increase in unemployment has been slowed, but with the jobless figure standing at about 10 per cent of the non-agricultural labour force, it "remains a major problem" the report says.

The government has fixed – at 3.5 per cent – a fairly high rate of growth of social product for this year which, the OECD says, will be "difficult to realise."

Domestic demand is officially projected to grow 2.25 per cent in 1985. The OECD describes this as "an upper limit," given the important structural deficiencies besetting the economy and the need to raise further the current account surplus.

The authorities are expected to give top priority to achieving a current external surplus in convertible currencies of $1.25bn this year, compared with the OECD's estimate of $850m last year, which was above the official projection of $750m.

Hungary starts wage reform, Page 2

THE LEX COLUMN

No Crocker gold for Midland

When Crocker National first came a cropper, it might have been regarded as a misfortune for Midland Bank. The second time, it looked more like carelessness, and yesterday, the market was murmuring of something even worse.

Shareholders might glean crumbs of comfort from the fact that the new Midland management has not compounded Crocker's mistakes. The bad loans being provided for are all old ones, and during the whittling down of Crocker's loan book, any new lending is bound to be treated with the utmost caution.

But Crocker still has $16bn of loans, and the factors that have caused problems this year – a rising dollar and falling land prices – will not necessarily go away. Whether the $300m cushion of general provisions will guarantee Crocker a soft landing remains to be seen.

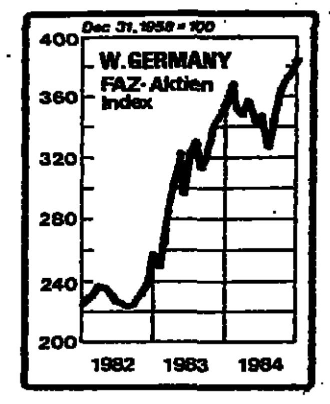
Even if it does, the latest fiasco will badly bruise the Midland's year-end profits. In fact, without the neat trick of taking $147m of property profits above the line, the group would have had to show a pre-tax loss; and what it does earn will still not entirely cover the payout. Whatever the cash conservation arguments for cutting the dividend, though, the Midland had very little choice. The damage to its liquidity in the interbank market might have been worse had it not quelled fears in advance.

The bank is still left with the thorny problem of gearing. Its free capital ratio has fallen from 4.6 per cent at the last year-end to 4 per cent now, well below the earlier target of 4.5 per cent. At this level, it must be testing the Bank of England's tolerance, and yet it is hard to conceive of a plausible escape route.

The shares – down 28p yesterday to 345p – are on such a low rating that the serving cost of any rights issue would be hard to swallow.

While the sale of property would raise some money, the Midland is loath to lose its bigger investments, like its stake in Samuel Montagu.

The Midland is crossing its fingers that the Bank will allow it to raise more subordinated debt, though it has already reached the 33 per cent limit, through the sale of perpetual floating rate notes in the Eurobond market. However, Eurobond investors are notoriously credit-conscious, and the exercise might prove even more expensive than a rights issue in the short term.



Even if the bank has turned what has proved to be an exceptionally sweeping corner, the threat of new paper from an eventual rights issue will put the dampers on the shares – which now yield 10.5 per cent, rather more than Midland's own high-interest accounts.

German equities

West Germany's forecasters have become steadily more optimistic for 1985 and business appears perfectly ready to accept the Wise Men's promise of 3 per cent real growth and 2 per cent inflation for the year.

Encouraged by Siemens' dividend increase and chemical companies' profits, the stock markets closed out the year at levels higher even than the dizzy peak of last winter, but the feeling is that there is more to come, and certainly the market does not look expensive in either yield or p/e terms.

The question must be whether German business can maintain earnings should the U.S. dollar subside gently to a level under DM 3 – nobody in Germany now seems to believe in a sharp dollar fall against the D-mark.

While the autumn boom in foreign orders will provide a cushion well into the year, domestic support looks a little on the weak side especially as the Government is unlikely to turn to pump-priming. Estimates for more capital investment of 8 per cent to 10 per cent may be optimistic in as much as the coalition will probably come out of the spring elections looking battered, and consumer spending looks set to stay low until the long-awaited reduction in personal tax rates.

This suggests that German companies will have to work much harder to approach the sort of double-figure profits growth of last year, particularly as the chemical companies will struggle to repeat last year's profits growth and the automobile sector has been unsettled by the coalition's shilly-shallying over catalytic converters.

Yet while industry may complain about the Government's erratic approach Bonn's fiscal policy has been coherent to a degree. The only grumble might be that Herr Stoltenberg has failed to catch anybody's imagination with his programme of public disposals.

The dollar

Going short of the dollar was an expensive pastime last year, and the foreign exchange market is showing an understandable reluctance to return to the game so early in 1985. Yesterday it was a determined buyer of the currency, pushing the dollar to a level against the D-Mark which has in the past prompted Bundesbank action.

At least the Bundesbank has past practice as a guide. There is no precedent in the Bank of England's annals for an exchange rate of $1.14, and there is nothing obvious that the authorities can do to restore the pound's position. The argument that monetary conditions do not justify the exchange rate parity looks rather lame just at the moment while the oil price looks sure to remain an unsettling influence so long as BNOC is perched on the pricing fence.

It may be that next week's money supply figures will stave off the increase in base rates which was already being suggested by the quarter-point rise in sterling inter-bank rates yesterday. But even on the more optimistic assumptions sterling M3 will be showing growth at the top of its target range. So the authorities may also need some reaction on the part of the dollar if an embarrassing increase in UK rates is to be avoided.

Of that there was precious little sign yesterday. The weakness of U.S. bond prices may have been exaggerated by the current debt auction but, after the last discount rate cut there are plenty of people on Wall Street ready to believe that the next move in short rates will be up. Also, while the argument for buying dollars on the grounds of real short-term interest rate differentials may be rather tired by now, it seemed to have plenty of life in it on the foreign exchange markets yesterday.

DG Bank raises DM 350m

By John Davies in Frankfurt

DG BANK, the West German co-operative banking institution, has issued DM 350m ($110.4m) in participatory certificates, which have been taken up by existing shareholders.

It is the first bank to take advantage of a provision in the country's new banking law, which recognises participatory certificates (Genussscheine) as a form of equity and hence as a base to support lending to customers.

The new law came into effect with the new year, but the DG Bank issue was completed just before the end of 1984 so that it could build up its financial resources before its books for the year were closed.

DG Bank said the certificates were taken up basically by the eight regional co-operative central banks which own 80 per cent of its capital. It is not yet clear whether all other shareholders – including the federal and state governments – are taking up certificates.

The certificates entitle the holder to receive the equivalent of 170 per cent of the bank's dividend.

Participatory certificates, which have been issued by some West German companies, confer a share in profits but no voice in management control. They are under closer scrutiny in banking circles now that the banking law has recognised them as part of the credit base.

The new banking law aims at tightening credit rules. In one of the major steps the existing provision that banks cannot lend more than 18 times their capital and reserves is being extended, after a six-year transition period, to include all subsidiaries and related institutions at home and abroad in which they have a stake of at least 40 per cent.

Participatory certificates are recognised as capital for this purpose, provided they do not exceed 25 per cent of the ordinary capital and reserves.

Many banks will have to boost their financial strength or limit their lending because of the consolidation of foreign and mortgage subsidiaries in their capital-to-lending ratio.

These subsidiaries have operated on different credit principles and have traditionally built up a larger volume of lending from their capital base.

DG Bank has been particularly hard hit by the consolidation of its mortgage bank subsidiary, which is the largest privately owned mortgage bank in West Germany.

U.S. hopes Reagan-Nakasone talks will ease trade tensions

BY STEWART FLEMING IN LOS ANGELES

PRESIDENT Ronald Reagan and Mr Yasuhiro Nakasone, the Japanese Prime Minister, were meeting here yesterday amid U.S. hopes that the two leaders will make new commitments to ease mounting trade tension.

Some Reagan Administration officials are making it clear that, although the President is determined to avoid an atmosphere of confrontation on trade issues during his three hour meeting with Mr Nakasone, he will nevertheless stress the need for Japan to accelerate moves to open up its markets to more foreign imports.

A senior Administration official summed up the President's expectations by saying it was hoped to achieve a commitment to further progress and an idea of areas to concentrate upon.

Even before Mr Reagan and Mr Nakasone met yesterday the Japanese Foreign Minister, Mr Shintaro Abe, had taken a conciliatory line on trade issues with his opposite number, Mr George Shultz, the U.S. Secretary of State.

At a breakfast meeting with Mr Shultz, Mr Abe said Japan was endeavouring to increase domestic demand in its economy – something which it hoped would lead to increased demand for imports. He fully understood U.S. frustrations at the trade imbalance between the two countries but argued that Japan had not been idle in trying to stabilise the situation.

He indicated that among U.S. priorities are commitments by Japan to improve access to its markets for U.S. exports of forest products, telecommunications equipment and computer products.

"Our single greatest concern is that Japanese protection is being extended not merely to old industries that are in trouble but in important new sectors where the U.S. could be highly competitive."

The Reagan Administration has been faced with a dilemma in preparing for this, the fifth summit meeting of the two heads of state in the past two years.

As the frequency of these meetings shows, the U.S. is increasingly sensitive to the importance of Japan as an ally and aware of the value of continued Japanese support for U.S. policies not only in the Far East but in other regions of the world.

The official cited Japanese help in developing the "constructive" relationship between the U.S. and China, and, in terms of Japanese diplomacy, the "unprecedented" efforts Japan has made to defuse the war between Iraq and Iran.

Geo-political issues, in particular next week's meeting in Geneva between Mr George Shultz, Secretary of State, and Mr Andrei Gromyko, Soviet Foreign Minister, will be one of the two major topics on today's agenda. Reagan Administration officials stress, however, that the other topic is the mounting U.S. frustration with Japanese trade policies at a time when the U.S. trade deficit with Japan is rising. It is estimated to have reached $34bn in 1984.

Officials point out that the trade picture is not totally bleak. In 1984, Japan purchased $23bn of U.S. exports, equal to the combined total of U.S. exports to France, West Germany and the United Kingdom.

They argue however, that it is not so much the bilateral trade deficit with Japan which is worrying the U.S. Although that is a source of growing trade tensions they concede that both U.S. economic policies and Japan's lack of natural resources suggest that even at the best of times Japan would tend to run a trade surplus with the United States.

Call for legal action against Bank Bumiputra executives

BY WONG SULONG IN KUALA LUMPUR

THE COMMITTEE investigating the billion dollar loan scandal involving Bank Bumiputra, Malaysia's largest bank, has recommended that the Government should investigate alleged corruption and criminal breach of trust on the part of five executives of its Hong Kong subsidiary.

The 33-page report, entitled "Brief on prima facie cases of corruption," was submitted to the Government on December 21 by the committee headed by Tan Sri Ahmad Noordin, the auditor general. It was published by the Ministry of Finance on the orders of the cabinet.

The scandal arises from bad loans totalling about $960m made by Bumiputra Malaysia Finance (BMF), Bank Bumiputra's Hong Kong subsidiary, to Hong Kong property speculators, and notably to the collapsed Carrian group, whose former chairman, Mr George Tan, is awaiting trial in Hong Kong.

Foreign diplomats here say the release of the surprisingly detailed report indicates that the Government of Dr Mahathir Mohamad has decided to come to terms with the scandal. They assume that the Government is prepared to face the embarrassment of the auditor general's finding rather than let the issue drag on further and risk weakening the bank.

Although none of Bank Bumiputra's six directors was cited in the report, five of them were replaced by the Government a few days ago in a move seen as a necessary step towards restoring confidence.

The five men named in the report were employees of BMF when it made bad loans to the Carrian group. All but one have since left BMF.

In recommending court action against the five the committee said: "The evidence which we have gathered shows that (they) have received benefits directly or indirectly from BMF or from George Tan or his companies and/or companies within the Carrian group."

Citing "the facts, supported by documentary evidence," the report goes on to list detail's of the alleged corruption of each of the five men.

The committee said that in its opinion the five had committed acts which required the authorities in Malaysia and Hong Kong to initiate criminal investigations, since such acts could constitute offences "under the Malaysian Prevention of Corruption Act and the equivalent Hong Kong laws."

Meanwhile, the new Bank Bumiputra board under the chairmanship of Tan Sri Basir Ismail yesterday ordered all its branches and subsidiaries to freeze lending and to await new guidelines. The bank has branches in London, Tokyo, New York, Bahrain, Singapore and Los Angeles.

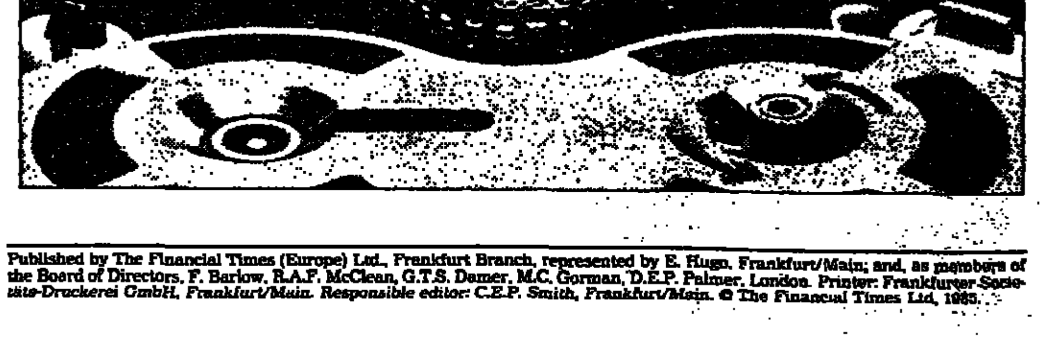
The new chairman also announced that all senior staff would be re-assigned duties within the next six months as part of the bank's efforts to restore confidence and project a new image.

Coleco to end computer role

Continued from Page 1

nold Greenberg, Coleco's president and chief executive, and Mr Leonard Greenberg, chairman, said, "Retail sales of the Adam family computer system increased significantly during the fourth quarter as a result of price reductions and other promotional programmes, as well as favourable reaction from consumer and professional reviewers to the new software introduced for Adam and the system's overall reliability and usefulness."

Coleco, which had managed to weather the shakeout in the home computer industry because of the phenomenal success of the Cabbage-Patch Kids said it has exported almost 20m of the dolls since they were introduced in June 1983. Worldwide retail sales of Cabbage-Patch Kids products – many produced under licence – are thought to have totalled $1.5bn last year.



World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	11	52	Dubrovnik	F	9	48	Malaga	S	18	64	Salzburg	Sn	-5	23
Akrotiri	F	13	55	Faro	S	16	61	Malta	T	12	54	Seoul	C	3	37
Algiers	C	13	55	Florence	C	5	41	Manila	S	28	82	Singapore	R	26	79
Amsterdam	Sn	1	34	Frankfurt	Sn	-1	30	Miami	C	25	77	Stockholm	C	-3	27
Athens	F	11	52	Funchal	F	17	63	Milan	S	1	34	Strasbourg	C	1	34
Bahrain	S	22	72	Geneva	Sn	-1	30	Moscow	S	-5	23	Sydney	S	26	79
Bangkok	S	33	91	Gibraltar	S	16	61	Munich	Sn	-6	21	Taipei	C	21	70
Barcelona	S	12	54	Guernsey	F	5	41	Nairobi	–	—	—	Tangier	S	16	61
Beirut	R	20	68	Helsinki	C	-5	23	Naples	R	5	41	Tehran	–	—	—
Belgrade	F	-5	23	H. Kong	S	20	68	New Delhi	–	—	—	Tel Aviv	F	18	64
Berlin	Sn	-4	25	Innsbruck	F	-3	27	New York	R	11	52	Tenerife	F	18	64
Biarritz	C	9	48	Inverness	C	3	37	Nice	F	10	50	Tokyo	S	10	50
Blackpool	S	5	41	Istanbul	F	7	45	Oporto	S	13	55	Toronto	R	3	37
Bordeaux	C	5	41	Jersey	F	4	39	Oslo	C	-2	28	Tunis	C	12	54
Brussels	C	0	32	Jo'burg	S	28	82	Paris	S	6	43	Valencia	F	11	52
Budapest	Sn	-4	25	Las Palmas	S	20	68	Prague	Sn	-4	25	Venice	S	2	36
B. Aires	S	24	75	Lima	S	25	77	Reykjavik	R	5	41	Vienna	Sn	-6	21
Cairo	C	16	61	Lisbon	S	16	61	Rio de J'o	C	33	91	Warsaw	Sn	-4	25
Cape Town	–	—	—	Locarno	S	0	32	Rome	S	6	43	Zurich	Sn	-1	30
Caracas	C	25	77	London	S	5	41								
Casablanca	S	17	63	Los Angeles	S	22	72								
Copenhagen	C	-4	25	Luxembourg	Sn	-3	27								
Corfu	C	10	50	Madrid	S	8	46								
Dublin	F	1	34	Majorca	R	11	52								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Bonn trade surplus up to DM 55bn

Continued from Page 1

from the Economics Ministry yesterday, the outlook has not been damaged by the continuing strength of the dollar – decisive in holding down the D-Mark against the currencies of West German companies' main EEC competitors.

The dollar yesterday jumped almost three pfennigs to reach DM 3.1727 at the official Frankfurt fixing, a level not attained for almost 12 years.

● Ruhrgas of Essen and NV Nederlandse Gasunie have reached an agreement which, if approved by the companies' respective governments, will extend West German imports of Dutch natural gas from the late 1990s until about 2010.

The extension of Dutch gas exports, now running at some 6.5bn cum a year, follows a substantial upward revision of recoverable reserves and a lower projected growth of domestic gas consumption in the Netherlands.

● The West German building industry is facing a difficult year, with tough competition for scarce orders and a continuing decline in the workforce, **writes John Davies in Frankfurt.**

The industry's prospects are in sharp contrast to the outlook for the West German economy as a whole, which is gearing up optimistically for a year of sturdy growth.

Builders have been calling for extra public spending on construction projects to offset a further decline in home building and stagnating industrial and commercial construction prospects.

Herr Oscar Schneider, the Federal Minister for Housing and Construction, has come out against any broad-ranging programme to give short-term aid to builders, however. He sees no chance of avoiding a further slimming down in the building industry. All that public authorities can do, he says, is to make the process less painful

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday January 3 1985

WALL STREET

Batch of unhappy greetings

A SHARP rise in yields in the bond market faced Wall Street as it returned from the New Year holiday yesterday, and this acted as a further discouraging factor to an equity sector already unsettled by prospects for 1985, *writes Terry Byland in New York.*

At the close the Dow Jones industrial average was 12.7 down at 1,198.87.

The credit sector was unhappy with a federal funds rate which rose to 9 per cent before the Federal Reserve intervened with overnight system repurchases. The Fed's move was widely expected in view of the upward trend in the funds rate over the holiday period. Federal funds eased back to 8⅞ per cent after the Fed's move, while money market and Treasury bill rates were easier.

The bond market was more than a full point down at midsession, as traders awaited the outcome of the day's auction of $5.75bn in seven-year Treasury notes. Also unsettling the market were estimates that M1 money supply, to be announced tomorrow, will show a significant gain.

The stock market opened weakly, although turnover was light. The opening of the new year enables sellers to postpone capital gains taxes until April 1986. Analysts were divided in view of the outlook for corporate profits, with Standard & Poor's predicting "roughly flat" earnings for 1985 but other brokers *forecasting* a gain of about 8 per cent.

U.S. construction expenditure for November tended to confirm the picture of an economy showing renewed vigour.

The weakness of the bond market unsettled stocks again at noon, however. Technology issues gave a poor lead. IBM fell $1⅛ to $121⅝, while Honeywell shed $1⅛ to $62, and NCR at $26 lost $⅝.

Among the home computer makers, Coleco gained $1⅜ to $13⅝ after announcing the effective demise of its famed Adam Computer. Wall Street evidently preferred Coleco as a maker of Cabbage Patch dolls, which have survived a year as a good selling item.

Crocker National fell $1⅛ to $24⅛ on light selling after disclosure by Midland Bank, the British parent, of the latest loss figure. BankAmerica, also a California-based bank, dipped $⅝ to $17⅞.

Bowater Inc, floated off from UK Bowater last year, held unchanged at $27⅞ following the disclosure that an investment firm had taken a 5.3 per cent stake. On the American Stock Exchange, BAT, the UK tobacco group, was little changed at $4 on the prospective retirement of the head of BATUS, the U.S. subsidiary.

With oil *futures again under pressure* after the disappointing meeting of the Opec leaders, stocks in the oil majors gave ground. Exxon at $44⅝ shed $⅜, and Chevron lost $⅝ to $30⅛. High on the active list again was Phillips Petroleum, down a further $1⅛ to $43⅝ – compared with the $60 a share once offered by the Boone Pickens camp before coming to terms with the Phillips board.

General Motors was sold down $⅝ to $77⅝ and Ford by a similar amount to $45. *Plans for further plant investment* left Chrysler $⅜ lower at $31⅝.

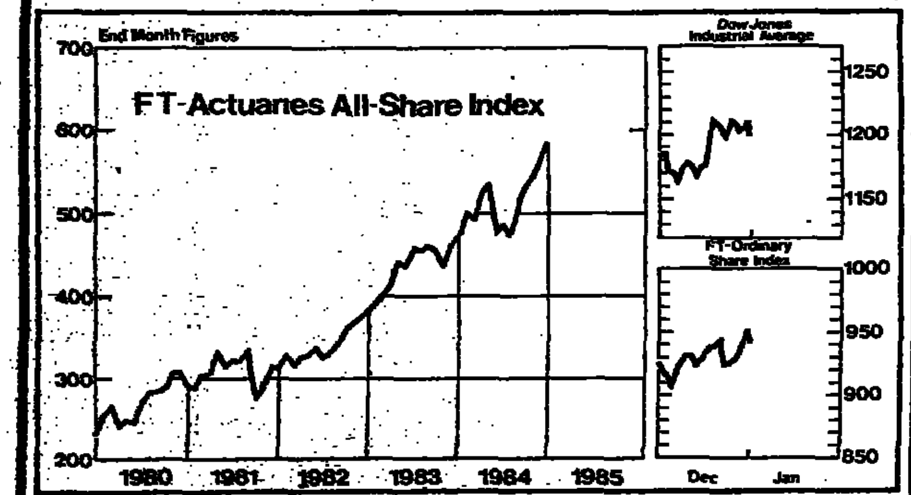
Some recent weak features put on a better face, however. Toys R Us, which upset retailers by disclosing disappointing Christmas sales, rallied $⅜ to $38⅝. Union Carbide held steady at $36⅛ after the precipitous slide that followed the Bhopal disaster.

The retail sector was generally easier as investors awaited details of the Christmas season, on which annual profits so heavily depend. At $34⅞, K-mart, *the king of the discounters, shed $⅜*, while J. C. Penney shed $⅛ to $46⅛ and Sears $⅜ to $31⅝.

Pharmaceutical companies were hurt by the strength of the dollar which increases the price of their products in overseas markets. Pfizer shed $1⅛ to $41, and Bristol-Myers fell $1 to $51⅞.

By midsession, the long end of the federal bond market was flat, with the key Treasury issue, the 11⅝ per cent of 2014, showing a fall of 1⅛ at 100$\frac{6}{32}$. Losses were concentrated around the issues matching the seven-year notes up for auction at noon. Bank certificates of deposit shed around 10 basis points.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Jan 2	Previous	Year ago
NEW YORK			
DJ Industrials	1,198.87	1,211.57	1,258.64
DJ Transport	553.70	558.13	598.59
DJ Utilities	147.77	149.52	131.84
S&P Composite	165.37	167.24	164.93
LONDON			
FT Ord	940.4	952.3	770.3
FT-SE 100	1,220.0	1,232.2	1,000.0
FT-A All-share	588.57	592.94	470.89
FT-A 500	644.88	650.47	502.52
FT Gold mines	473.3	478.9	553.9
FT-A Long gilt	10.49	10.4	10.1
TOKYO			
Nikkei-Dow	closed	11,542.6	9,893.82
Tokyo SE	closed	913.37	731.8
AUSTRALIA		*	
All Ord.	729.0	726.1	775.3
Metals & Mins.	411.7	409.4	562.2
AUSTRIA			
Credit Aktien	59.22	59.37	56.34
BELGIUM			
Belgian SE	2,174.44	158.30	n/a
CANADA			
Toronto			
Metals & Mins	1,932.2	1,932.0	2,492.0
Composite	2,394.8	2,400.3	2,552.3
Montreal			
Portfolio	119.24	119.84	125.01
DENMARK			
Copenhagen SE	165.85	167.36	214.36
FRANCE			
CAC Gen	181.6	181.4	156.7
Ind. Tendance	100.2	121.0	100.0
WEST GERMANY			
FAZ-Aktien	385.17	381.18	349.25
Commerzbank	1,118.4	1,107.9	1,033.1
HONG KONG			
Hang Seng	1,220.74	1,200.38	874.94
ITALY			
Banca Comm.	228.56	230.31	191.48
NETHERLANDS			
ANP-CBS Gen	186.6	181.9	154.2
ANP-CBS Ind	148.4	145.3	129.3
NORWAY			
Oslo SE	288.18	286.77	222.06
SINGAPORE			
Straits Times	800.47	812.61	1,002.03
SOUTH AFRICA			
Golds	941.5	950.7	887.5
Industrials	933.6	934.7	966.1
SPAIN			
Madrid SE	101.48	140.66	117.97
SWEDEN			
J & P	1,361.60	1,354.48	1,445.48
SWITZERLAND			
Swiss Bank Ind	closed	385.6	383.8
WORLD	Dec 31	Prev	Year ago
Capital Int'l	187.1	187.1	184.0

GOLD (per ounce)

	Jan 2	Prev
London	$305.50	$309.00
Zürich	$306.35	$309.25
Paris (fixing)	$306.23	$311.30
Luxembourg	$306.55	$309.25
New York (Feb)	$304.20	$309.70

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Jan 2	U.S. DOLLAR Previous	STERLING Jan 2	STERLING Previous
$	–	–	1.1485	1.159
DM	3.173	3.154	3.645	3.65
Yen	251.75	251.55	289.0	291.5
FFr	9.705	9.645	11.16	11.17
SwFr	2.617	2.602	3.005	3.015
Guilder	3.5795	3.5575	4.1125	4.12
Lira	1,948.0	1,935.5	2,235.0	2,242.0
BFr	63.55	63.25	73.05	73.3
C$	1.32245	1.3197	1.51575	1.53125

INTEREST RATES

	Jan 2	Prev
Euro-currencies (3-month offered rate)		
£	10 5/16	10 1/16
SwFr	4 13/16	4¾
DM	5 11/16	5⅝
FFr	10⅞	10 13/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	8 11/16	8 11/16
6-month U.S.$	9 3/16	9 5/16
U.S. Fed Funds	8⅞*	9
U.S. 3-month CDs	8.30*	8.45
U.S. 3-month T-bills	7.82*	7.84

U.S BONDS

Treasury		Jan 2* Price	Jan 2* Yield	Prev Price	Prev Yield
9⅝	1986	99 22/32	10.03	99 29/32	10.00
12¼	1991	102 21/32	11.66	103 20/32	11.41
11⅝	1994	99 7/32	11.68	101	11.45
11¾	2014	100 6/32	11.67	102 6/32	11.48
Corporate		Dec 27* Price	Dec 27* Yield	Prev Price	Prev Yield
AT & T					
10⅜	June 1990	95¾	11.45	95¾	11.45
3⅝	July 1990	73½	10.25	73½	10.25
8¾	May 2000	76⅞	12.18	76⅞	12.18
Xerox					
10⅞	March 1993	93⅞	11.70	93⅞	11.70
Diamond Shamrock					
10¾	May 1993	93	11.95	93	11.95
Federated Dept Stores					
10⅜	May 2013	87⅞	12.15	87⅞	12.15
Abbot Lab					
11.80	Feb 2013	96	12.30	96	12.30
Alcoa					
12¼	Dec 2012	98	12.50	98	12.50

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Mar	70–10	71–02	70–09	71–02
U.S. Treasury Bills (IMM) $1m points of 100%				
Mar	91.70	91.72	91.64	91.65
Certificates of Deposit (IMM) $1m points of 100%				
Mar	90.88	90.93	90.86	90.87
LONDON				
Three-month Eurodollar $1m points of 100%				
Mar	90.48	90.54	90.47	90.58
20-year Notional Gilt £50,000 32nds of 100%				
Mar	105–20	106–02	105–18	106–10

COMMODITIES

(London)	Jan 2	Prev
Silver (spot fixing)	546.55p	542.55p
Copper (cash)	£1,136.50	£1,140.00
Coffee (Jan)	£2,260.00	£2,193.00
Oil (spot Arabian Light)	$27.85	$27.90

TOKYO

Prospects of computerised efficiency

THE TOKYO Stock Exchange will computerise part of its first section trading this spring in an attempt to enhance efficiency, *writes Shigeo Nishiwaki of Jiji Press.*

Stock trading is extremely labour-intensive in Tokyo, where 1,038 issues are listed in the first section. Representatives of member firms with orders to buy or sell shares gather at posts where particular issues are traded. The orders are executed by "Saitori" members, who handle specific issues, and exchange employees. More than 2,000 people are usually present on the floor when trading is in process.

Initially, the exchange intends to computerise nearly 800 thinly traded issues, leaving 250 to continue under the present system. The computerisation will be introduced in three stages: 80 issues at the end of next month, 350 at the end of March and more than 350 on April 6.

Under the new system, all buy and sell orders from member firms will still be executed by Saitori members and exchange employees. Some job losses, however, will occur among the member firm representatives, and the time taken in placing orders, concluding deals, and communicating them to member firms will be shortened to a few minutes from an average of about 20 minutes.

The exchange is confident that the move will be successful in view of its experience with the second section, where a similar system was introduced in early 1982. Without any major disruption, the 120 member company representatives on the floor were cut, and Saitori members and exchange employees were reduced from 77 to 39.

The remaining 250 first-section issues usually account for 70 to 80 per cent of daily trading volume, although they represent only a quarter of issues listed. Therefore staff cuts of a similar magnitude cannot be expected immediately.

These actively traded issues are being left on the back burner because of the apprehension of medium and small-sized brokers about too rapid a change, concern about collecting information and possible opposition from labour unions.

The exchange believes the computerised system will be capable of handling about 220,000 orders which would be for 250m shares, or 2½ times more than the estimated volume of daily trading in the initial 800 issues.

The much smaller Korea stock exchange plans to introduce a similar system, phasing in all listed stocks by 1990. The Paris, Taiwan, Hong Kong and Singapore stock exchanges are also reportedly interested in the Tokyo system.

TOKYO markets were closed yesterday but resume trading today.

AUSTRALIA

DESPITE a weaker Australian dollar and lower international bullion prices, resource issues responded to a firmer trend in Sydney as the All Ordinaries index gained 2.9 to 729.0.

CRA, which announced on Monday its total control of iron ore producer Hamersley, gained 3 cents to A$4.95, while in the oil and gas sector, the moves by Opec to stabilise prices put on 4 cents to A$5.58 for Santos and 5 cents to A$3.20 for Vamgas.

SOUTH AFRICA

THE FOUR-DAY market holiday left Johannesburg subdued although most gold issues drifted lower in response to the weaker bullion price.

Industrial leader Barlow Rand was steady at R10.75, while in mines Driefontein shed R2 to R48 and Free State Geduld fell R1.50 to R44. Buffels, however, moved against the trend with a 50-cent advance to R68.50.

EUROPE

Seasonal excursion to peaks

A ROUND of New Year optimism took shares to record levels in West Germany and the Netherlands as investors returned to the bourses for the first trading session of 1985.

In **Frankfurt**, the Commerzbank index – adjusted yesterday to include bourse newcomers, Nixdorf and Porsche – surged 10.5 to an all-time high of 1,118.4.

The advance was attributed to demand, largely from private investors, in a market that saw few sellers. The strength of the dollar also proved an incentive to investors who expect German exporters to benefit and who also see potential currency gains.

Banks were a strong sector as DG Bank, the co-operative institution, became the first bank to take advantage of new laws by issuing DM 350m in participatory certificates which were taken up by its existing shareholders.

Dresdner Bank rose DM 3.80 to DM 195.80, Commerzbank gained DM 1.20 to DM 170.30 and Deutsche DM 2 to DM 385.

Chemicals maintained recent gains, while motor manufacturers shrugged off recent weakness. BMW rose DM 3 to DM 375, Daimler DM 8 to DM 600 and Porsche DM 15 to DM 1,039.

A DM 16 rise to DM 665 for electronics manufacturer PKI – another new Commerzbank index constituent – was attributed to strong growth prospects, but a thin market for the closely held stock.

BASF added 10 pfg to DM 185.90 as it announced plans to invest more than DM 700m in its coal operations. Retailer Horten shed 80 pfg to DM 182 amid lower sales, excluding travel and food retailing, for the first 10 months.

Bond prices eased in moderate turnover, and the Bundesbank bought DM 16.3m of paper following sales totalling DM 24.3m last Friday – the final session of 1984.

Strong foreign demand in **Amsterdam** buoyed the ANP-CBS General index up 4.7 to 186.6 – a record high and the largest ever one-day rise.

Buying was concentrated on the insurance sector where Nat-Ned rose Fl 9.50 to Fl 261.50 as it announced a sharp rise in revenue, while Amev put on Fl 9.80 to Fl 214.30 *following the completion of its* takeover of the life insurance and mutual fund subsidiaries of the St Paul group of the U.S.

Retail group Ahold was Fl 8.60 higher at Fl 194.50, on its announcement of higher 1984 sales and forecast of markedly higher 1984 profits.

Bonds were stable in quiet trading.

Mixed performances among industrials and holding companies in **Brussels** left the re-based stock exchange index 12.69 lower at 2,174.44 in thin volume.

Paris ended *mixed* in light activity. Shares of Creusot-Loire were untraded due to an order imbalance.

Milan ended lower amid liquidation of technical and speculative positions. The Banca Commerciale index fell to 228.56 from the record high 230.31 established on Tuesday.

Madrid and **Stockholm** were both marginally ahead in quiet volume, while **Zurich** was closed for a public holiday.

LONDON

RISING short-term interest rates curbed investment enthusiasm and spoiled London's stock market entry into 1985. Significantly higher levels for credit in UK *money markets yesterday* were the main but not the only adverse influence on sentiment.

The FT Ordinary index fell 11.9 to 940.4.

A nervous gilt market saw shorter maturities facing the brunt of business as fears revived of higher borrowing costs. Longs, more thinly traded, *became unsettled by bouts of heavy activity* in the futures market.

Chief price changes, Page 16; Details, Page 21; Share information service, Pages 22–23

SINGAPORE

THE FIRST business day of the new *year took Singapore shares broadly lower* as the Straits Times Industrial index retreated 12.14 to 800.45 in thin quiet trading.

Lum Chang Holdings, which made its debut on Friday, was most active with nearly 9 per cent of total turnover and shed 9 cents to 95 cents.

Singapore Press, also active, recouped an early loss of 15 cents to finish unchanged at S$6.15, while MUI, the focus of much activity recently, fell 12 cents to S$2.38.

HONG KONG

Bullish start to Year of the Ox

FORECASTS of better days ahead boosted the Hong Kong market, with the Hang Seng index hitting a 2½-year high of 1,220.74, a surge of 20.36 points, *writes David Dodwell in Hong Kong.*

The batch of optimistic predictions for 1985 from the Hongkong and Shanghai Bank included estimates of a 10 per cent growth in gross domestic product, falling inflation, increased investment and rising real wages.

The market also undoubtedly benefited from the fact that the new year, the Year of the Ox in the Chinese zodiac, is by tradition seen as one of stability and growth, although it is conceivable that it may turn out to be a year of the bull rather than the ox.

The mood is in marked contrast with the uncertainty that has dogged the local stock markets over the past two years.

Since publication of the Sino-British agreement in September, the market has risen steadily, and a more rational mood has returned. The Hang Seng index is now 64 per cent above its low point of 746 on July 13 last year.

Opinions differ on how far the bull market will run. Optimists suggest that buying interest will push the Hang Seng index close to 1,500 over the next four months. Even the more cautious operators expect little resistance up to about 1,300. Much will then depend, they say, on the content of the spring budget, on whether slower economic growth in the U.S. stalls Hong Kong's current export boom, and on the re-emergence of investment in manufacturing industry.

CANADA

A DECLINE in gold stocks was tempered by a recovery in oils in Toronto, with most of the early losses reversed. Base metal miners also benefited from the upturn.

Firmer industrials were evident in a broadly higher Montreal, although banks displayed some early weakness.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	16¼	AAR	.48	2.6	14	207	18½	18	18¼	−¼
20½	9½	AGS			10	108	13½	13	13½	+½
17⅞	13¼	AMF	.50	3.5	60	123	14¼	14⅛	14¼	−⅛
41⅞	25¾	AMR			5	4034	35	35¼	35½	−½
20½	18¾	AMR	pf2.18	11		4	19⅞	19⅝	19⅞	
41½	27½	AMR	pf2.13	5.8		170	35½	35⅛	36⅛	−½
25¼	22⅞	ANR	pf2.67	11		1	23½	23½	23½	+½
14⅞	9½	APL			9	42	10¼	10⅛	10¼	−⅛
65¼	44⅞	ASA	3	6.4		236	47⅛	46⅛	46⅞	−1½
30¼	16	AVX	.32	1.9	10	167	17½	17⅛	17¼	−⅛
48¾	36⅛	AbtLab	1.20	3.0	13	2113	41½	40⅞	40⅞	−1⅛
23⅝	16¼	AccoWd	s.44	2.0	18	20	22½	22¼	22¼	−¼
27¼	12½	AcmeC	.40	3.0		42	13⅛	13	13⅛	+⅛
12⅛	8⅛	AcmeE	.32b	3.4	13	5	9½	9⅛	9½	
19⅞	15	AdaEx	2.11e	13		140	16½	16¼	16⅜	−⅛
18⅞	11⅞	AdmMl	.32	2.0	8	41	16½	16	16½	+⅛
21½	8½	AdvSys	.81t	7.6	17	97	10⅞	10⅜	10⅝	+½
41⅞	25⅞	AMD			13	2179	29⅛	28¾	29	−1½
14⅞	6⅞	Advest	.12	1.5		38	7⅞	7¾	7⅞	+⅛
15⅛	9⅞	Aeflex			10	20	10⅞	10	10⅞	+⅛
39	27⅛	AetnLf	2.64	7.3	30	757	36½	36¼	36⅛	−⅛
58¾	52½	AetL	pf5.87e	11		5	54½	54¼	54½	−¼
34½	15⅞	Ahmns	1.20	4.6	12	1071	26¼	25⅞	26	−⅛
5⅞	2½	Aileen				47	2⅞	2¾	2¾	
48⅝	35⅛	AirPrd	1.20	2.5	10	1282	46½	45⅞	46⅛	+⅛
30½	17	AirbFrt	.60	3.2	10	297	18½	18⅛	18½	
4¼	1⅞	AlaMoa	.50e	13		69	4	3⅞	3⅞	−⅛
7⅛	6	AlaP	dpf.87	12		13	7	6⅞	7	+⅛
71	61½	AlaP	pf 9	13		z290	67	66½	67	
101	85¼	AlaP	pf 11	11		z10	97	97	97	
74½	63½	AlaP	pf9.44	13		z60	72½	72½	72½	−1½
64⅞	56	AlaP	pf8.28	13		z690	63	62½	63	+1½
13⅞	10¼	Alagsc	s.92	7.4	9	26	12½	12½	12⅝	−⅛
17⅞	9⅞	AlskAir	.14	.9	8	501	15¼	14¼	14⅝	−¼
22⅝	15⅛	Albertc	.54	2.7	17	38	20½	20⅛	20⅛	−½
25½	22½	Albtsns	.68	2.4	12	830	29	28¼	28½	−¼

Continued on Page 15

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

B-B-B

C-C-C

D-D-D

E-E-E

F-F-F

G-G-G

H-H-H

I-I-I

J-J-J

K-K-K

L-L-L

M-M-M

N-N-N

O-O-O

P-Q

R-R-R

S-S-S

Continued on Page 16

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 14

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

R-R-R

S-S-S

T-T-T

U-U-U

V-V-V

W-W-W

X-Y-Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
54½	33½	Xerox	3	7.9	11	2853	38	37⅝	37⅞	
50½	45¼	Xerox	pf5.45	11		25	48⅞	48½	48⅞	+⅜
36¼	19	XTRA		2.9	9	446	23⅞	22⅛	22¼	−1½
31⅞	24	ZaleCp	1.32	5.1	8	249	26	25⅝	26	+⅜
24	15¼	ZalecIA	.80	3.9		3	20½	20½	20½	−1
24⅞	15½	Zapata	.84	5.2	13	759	16⅜	16⅛	16¼	−⅛
49	28½	Zayre	.40b	.9	12	431	44½	43¼	43⅜	−1⅛
38½	19½	ZenithE			7	470	20	19½	19¾	
27½	18	Zero	.40	1.7	17	225	23⅞	23⅜	23½	−½
30½	21⅞	Zurnin	1.32	5.1	11	88	26⅛	25¾	25⅞	−¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Jan. 2	Price Sch%	+ or —
Creditanstalt	229	...
Goesse	330	...
Interunfall	400	...
Laenderbank	229	...
Perlmooser	365	-1
Steyr-Daimler	164	—2
Veitscher Mag.	245	-1

BELGIUM/LUXEMBOURG

Jan. 2	Price Frs.	+ or —
B.B.L.	1,890	—15
Banq. Int. A. Lux	5,500	...
Bekaert B	4,510	-10
Ciment CBR	2,495	...
Cockerill	269	—1
Delhaize	5,600	...
EBES	2,875	+15
Electrobel	8,330	+40
Fabrique Nat	2,050	+15
GB Inno BM	3,250	+45
GBL (Brux)	2,090	+30
Gevaert	3,695	—5
Hoboken	6,190	—10
Intercom	2,125	+35
Kredietbank	7,740	...
Pan Hldgs	9,700	...
Petrofina	6,860	...
Royale Belge	10,050	...
Soc. Gen. Banq	3,445	...
Soc. Gen. Belge	1,695	—60
Sofina	7,560	—160
Solvay	4,100	...
Stanwick Intl.	1,450	...
Tractionel	4,000	—50
UCB	4,970	+20
Wagon Lits	2,420	—30

DENMARK

Jan. 2	Price Knr %	+ or —
Andelsbanken	282	—2
Baltic Skand	565	...
CopHandelsbank	287	—1
D. Sukkerfab	490	—10
Danske Bank	287	—1
De Danske Luft	1,175	...
East Asiatic	146	...
Forenede Brygg	795	...
Forenede Damp	89	+1
GNT Hldg	376	...
I.S.S.B.	370	...
Jyske Bank	505	—10
Novo Ind.	1,335	...
Privatbanken	245	—2
Provinsbanken	340	—5
Smidth (F)	233	+2
Sophus Berend	920	...
Superfos	412	—2

FRANCE

Jan. 2	Price Frs.	+ or —
Emprunt 4½% 1973	1,639	—1
Emprunt 7% 1973	8,390	—10
Accor	237	—0.9
Air Liquide	560	—10
BIC	498	—10
Bongrain	1,690	...
Bouygues	715	+24
BSN Gervais	2,385	—15
CIT-Alcatel	1,295	+24
Carrefour	1,921	—6
Club Mediter'n	1,051	—8
Cie Bancaire	570	+2
Cofimeg	239.7	—2.4
Damart	2,245	+15
Darty	1,080	...
Dumez S.A.	670	+20
Eaux (Cie Gen)	630	...
Elf-Aquitane	216.7	—3
Essilor	2,845	...
Gen. Occidentale	655	+18
Imetal	72.6	+0.1
Lafarge Coppee	361	...
L'Oreal	2,248	+8
Legrand	1,851	—9
Maisons Phenix	195	+3
Matra S.A.	1,735	—9
Michelin B	745	—5
Midi (Cie)	2,155	...
Moet-Hennessy	1,860	—14
Moulinex	90.6	+0.5
Nord Est	76.5	+1.4
Pernod Ricard	719	—2
Perrier	488	—1
Petroles Fra.	246.1	—0.4
Peugeot S.A.	240	+3
Printemp.Aus.	166	—3
Radiotech	217.1	+0.1
Redote	1,200	...
Rousul Uclaf	1,670	—50
Sefimeg	286	—3.1
SkisRossgnol	1,910	+80
Telemech Elect.	2,315	+15
Thomson CSF	410	+8
Valeo	259	—3

GERMANY

Jan. 2	Price Dm.	+ or —
AEG-Telef.	102	+0.9
Allianz Vers.	982	—18
BASF	185.9	+0.1
Bayer	195	+1.6
Bayer-Hypo	338	+5
Bayer-Verein	336	+1
BHF-Bank	276	+3
BMW	375	+3
Brown Boveri	200	—1
Commerzbank	170.3	+1.2
Cont'l. Gummi	115.1	—0.1
Daimler-Benz	600	+8
Degussa	346	...
D'sche Babcock	158	+4
Deutsche Bank	385	+2
Dresdner Bank	195.8	+3.8
GHH	165	+4.5
Hochtief	495	—4
Hoechst	193.2	+2.5
Hoesch Werke	98.7	+0.7
Holzmann (P)	362	+2
Horten	182	—0.
Hussel	302	+12.5
Karstadt	238.5	+1
Kaufhof	220.3	—0.2
KHD	256.5	+3.5
Kloeckner	71.8	+1.5
Linde	399	+4
Lufthansa	184	+2
MAN	160	+2.2
Mannesmann	152.8	+3.8
Mercedes Hld.	510.5	+6.5
Metallgesell	218	+0.1
Munech Rueck	1070	+20
Nixdorf	521	+1.5
Porsche	1039	+15
Preussag	254	+2
Rhein West Elect	168	+3
Rosenthal	249	—0.8
Schering	460	+7
Siemens	480.5	—1.3
Thyssen	83.1	+0.7
Varta	177	—2
Veba	174.3	+2.6
V.E.W.	123.5	+1
Verein West.	302	—1
Volkswagen	208.8	+4

ITALY

Jan. 2	Price Lira	+ or —
Banca Com'le	16,550	—50
Bastogi-IRBS	179.5	+2
Centrale	2,169	—31
Credito Varesino	3,950	...
Fiat	2,100	—50
Finsider	47	+0.5
Generali Assicur.	34,450	—550
Invest	2,925	...
Italcementi	66,950	—150
La Rinascenti	531	—4
Montedison	1,375	—25
Olivetti	6,852	—23
Pirelli Co.	3,490	—35
Pirelli Spa	1,925	—38
Snia BPD	2,149	—45
Toro Assic.	12,580	—30
do. Pref	9,475	—205

NETHERLANDS

Jan. 2	Price Fls	+ or —
ACF Holding	188.5	+3.5
AEGON	154	+6.5
Ahold	194.5	+6.6
AKZO	101	+2.5
ABN	372	+9
AMEV	214.5	+9.8
AMRO	67.5	+3
Bredero Cert.	146.5	+2
Bos Kalis Westm.	14	+0.7
Buehrmann-Tet.	76	+1.8
Calland Hldgs	33.5	+0.5
Dordtsche Pet'm	161.8	+3.3
Elsevier-NDU	118	+5.5
Fokker	86.5	+2.5
Gist Brocades	175.5	+2.5
Heineken	148.8	+3.3
Hoogovens	67.9	+3.1
Int Mueller	43.8	+1.6
KLM	46.6xc	+0.7
Naarden	48	+1
Nat Ned Cert	261.5	+9.5
Ned M'd Bank	148.5	+4.5
Nedlloyd	154.5	+0.6
Oce Grinten	287.8	+3
Ommeren (Van)	29.3	+0.8
Pakhoed	71	+1.5
Philips	56.7	+1.6
Robeco	70.4	+1.3
Rodamco	136.9	+0.2
Rolinco	63.4	+1.1
Rorento	43.5	—0.2
Royal Dutch	175.4	—3.9
Unilever	317.5	+9.5
VMF Stork	144	+5
VNU	207	+3.2
West Utr Bank	121.9	—1.0

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Jan. 2	Price Kroner	+ or —
Bergens Bank	161	+3.5
Borregaard	335	...
Christiania Bank	159	+3
DenNorske Cred	168	+2
Elkem	118.5	+3.5
Kvaerner	169	—3.5
Norsk Data	377.5	...
Norsk Hydro	101xa	+3
Storebrand	217.5	+4.5

SPAIN

Jan. 2	Price Pta%	+ or —
Bco Bilbao	306	—11
Bco Central	305	...
Bco Exterior	200	...
Bco Hispano	168	+3
Bco Popular	358	+9
Bco Santander	327	+3
Dragados	160	+7
Hidrola	79	—0.2
Iberduero	81.5	—2
Petroleos	149.2	+5.6
Telefonica	94.5	+1.5

SWEDEN

Jan. 2	Price Kronor	+ or —
AGA	367	—3
Alfa-Laval	194	...
ASEA (Free)	325	+10
Astra (Free)	335	+10
Atlas Copco	98	+2
Cardo (Free)	258	...
Cellulosa	120	+2
Electrolux B	245	+4
Ericsson	258	+5
Esselte	300	...
Mo Och Domsjo	277	+8
Pharmacia	187	+4
Saab Scania Free	430	...
Sandvik	320	+5
Skandia	257	—8
Skan Enskilda	64	+1
SKF	169	+2
St Kopparbergs	160	+1
Sven Handlesbn.	188	—1
Swedish Match	256	—5
Volvo B (Free)	215	—8

SWITZERLAND

Dec. 28	Price Frs.	+ or —
Alusuisse	731	—1
Bank Leu	3,740	+30
Brown Boveri	1,380	+10
Ciba Geigy	2,470	—10
do. (Part Certs)	2,030	+5
Credit Suisse	2,325	...
Elektrowatt	2,615	—5
Fischer (Geo.)	605	...
Hoff-RochePtCts	85,000	—500
Hoff-Roche 1/10	8,500	—50
Jacobs Suchard	6,375	+25
Jelmoli	1,910	...
Landis & Gyr	1,670	...
Nestle	6,600	+60
Oer-Buehrle	1,260	—20
Pirelli	254	—1
Sandoz (Br)	7,000	+25
Sandoz (PtCts)	1,140	+25
Schindler (PtCts)	535	...
Sika	1,020	...
Surveillance	3,800	+10
Swissair	1,065	+5
Swiss Bank	355	...
Swiss Reinsce	8,400	+100
Swiss Volksbk.	1,475	...
Union Bank	3,580	+5
Winterthur	3,300	...
Zurich Ins.	18,025	—25

AUSTRALIA

Jan. 2	Price Aust $	+ or —
ANZ Group	5.16	...
Alliance Oil Dev.	1.05	...
Ampol Pet	1.78	—0.02
Ashton	0.83	...
Aust Cons Ind.	1.95	+0.05
Aust. Guarantee	2.62	—0.05
Aust. Nat. Inds	2.43	—0.02
Aust. Paper	2.2	+0.02
Bell Group	4.7	...
Bell Res.	4.3	...
Bond Corp Hldgs	1.16	—0.01
Boral	3.2	...
Bougainville	1.63	—0.02
Brambles Inds.	3.55	—0.05
Bridge Oil	2.5	+0.15
B.H. Prop.	5.16	+0.1
CRA	4.95	+0.05
CSR	2.8	+0.05
Carlton Utd.	4.30	...
Castlemaine Tys.	4.5	+0.05
Coles (G.J.)	3.95	...
Comalco "A"	2.08	...
Consolidated Pet	0.68	+0.09
Costain Aust	1.4	...
Dunlop Aust.	1.87	+0.02
Elders IXL	5.09xc	...
Energ Res.	1.38	—0.02

AUSTRALIA (continued)

Jan. 2	Price Aust. $	+ or —
Gen Prop Trust	2.18	+0.02
Hardie (James)	3	...
Hartogen Energy	2.35	+0.05
Herald W'yTimes	3.4	...
ICI Aust.	2.0	—0.05
Jimberlana F.P.	0.3	...
Kia Ora Gold	0.11	—0.01
Lend Lease	5.2	—0.01
MIM	2.39	+0.09
Mayne Nickless	2.9	...
Myer Emporium	1.65	—0.01
Nat. Aust. Bank	3.47	—0.01
News	11.2	+0.08
Nicholas Kiwi	6.18	...
North Bkn Hill	2	...
Oakbridge	0.7	...
Pancont'l	0.97	—0.05
Pioneer Conc.	1.63	+0.03
Poseidon	2.7	+0.05
Queensland Coal	1.1	...
Reckitt & Coln.	3.08	...
Repco	1.09	—0.01
Santos	5.58	—0.04
Smith (Howard)	3.35	+0.05
Thos. Natwide	1.74	+0.02
Tooth	5.8	...
Vamgas	3.25	+0.1
Western Mining	2.85	+0.05
Westpac Bank	3.44xr	—0.01
Woodside Petrol.	0.96	—0.01
Woolworths	2.58	—0.02
Wormald Intl	3.12	+0.02

HONG KONG

Jan. 2	Price H.K.$	+ or —
Bank East Asia	23.9	—0.1
Cheung Kong	10.6	—0.2
China Light	12.3	—0.2
Evergo	1.49	...
Hang Seng Bank	43.5	+1.5
HK Electric	6.75	—0.05
HK Kowloon Wh.	5.2	+0.05
HK Land	3.85	—0.05
HK Shanghai Bk.	8.1	+1.5
HK Telephone	49.75	+0.25
Hutchison Wpa.	18.6	—0.4
Jardine Math.	8.8	+0.1
New World Dev.	5.4	+0.15
Orient O'seas	2.72	...
Oseas Trust Bk.	2.75	...
SHK Props.	7.9	—0.05
Shell Elect.	1.98	—0.07
Swire Pac A.	21.3	...
TV—B	5.1	+0.05
Wheel'k Mard A.	3.95	+0.05
Wheel'k M'time	1.13	...
World Int. Hldgs.	1.7	—0.03

JAPAN

Dec. 28	Price Yen	+ or —
Ajinomoto	1,120	+50
Alps Electric	1,910	—40
Amada	1,050	—40
Asahi Chem.	738	+23
Asahi Glass	900	+28
Bridgestone	616	—17
Canon	1,340	+40
Casio Comp.	1,760	...
Chugai Pharm.	1,140	+10
Citizen	670	—8
Daiei	651	...
Dai Nippon Ptg	972	—3
Daiwa House	590	—16
Ebara	335	+4
Eisai	1,330	—20
Fanuc	11,300	+250
Fuji Bank	1,350	+40
Fuji Film	1,560	—70
Fujisawa	1,110	—50
Fujitsu	1,350	+40
Green Cross	1,610	—10
Hasegawa	378	+8
Heiwa Real Est.	600	—3
Hitachi	860	—3
Hitachi Credit	1,160	—10
Honda	1,210	—10
House Food	687	...
Hoya	2,160	+60
Itoh (C)	324	—9
Ito. Yokado	2,550	—20
Iwatsu	1,310	—10
JACCS	538	+3
JAL	5,540	+140
Jusco	750	+20
Kajima	280	...
Kao Soap	805	+4
Kashiyama	623	...
Kirin	555	+3
Kokuyo	925	...
Komatsu	471	+6
Konishiroku	601	+1
Kubota	325	...
Kumagai	548	—2
Kyoto Ceramic	6,980	+60
Maeda Const.	488	...
Makino Milling	1,150	...
Myakita	1,030	+10
Marubeni	308	+2
Marudai	564	+4
Marui	1,060	...
MEI	1,560	+10
M'ta Elec Works	630	—2
M'bishi Bank	1,320	+30
M'bishi	555	+1
M'bishi Elec.	410	+2
M'bishi Estate	688	—1

JAPAN (continued)

Dec. 28	Price Yen	+ or —
MHI	263	—2
Mitsui Co	342	—4
Mitsui Estate	735	—21
Mitsukoshi	369	+1
NGK Insulators	580	+25
Nihon Cement	211	—3
Nippon Denso	1,350	—40
Nippon Elect	1,220	+10
Nippon Express	358	...
Nippon Gakki	1,330	—30
Nippon Kokan	143	...
Nippon Oil	830	—18
Nippon Seiko	652	—1
Nippon Shimpan	605	—8
Nippon Steel	155	+1
Nipppon Suisan	328	—2
NTV	13,000	+200
Nippon Yusen	272	+19
Nissan Motor	625	+5
Nisshin Flour	490	+10
Nisshin Steel	184	—1
Nomura	892	+7
Olympus	1,100	—20
Orient Leasing	3,350	...
Pioneer	2,670	—20
Renown	635	—12
Ricoh	931	—6
Sankyo	1,020	—30
Sanyo Elect.	460	—2
Sapporo	400	+19
Sekisui Prefab	576	—6
Seven-Eleven	905	—25
Sharp	1,100	+50
Shimadzu	824	—6
Shionogi	697	—4
Shiseido	1,110	...
Sony	3,550	...
Stanley	850	—9
S'tomo Bank	1,830	—40
S'tomo Elect	935	—5
S'tomo Marine	663	+4
S'tomo Metal	156	—3
Taihei Dengyo	515	—10
Taisei Corp	207	—1
Taisho Pharm.	980	+4
Takeda	805	—2
TDK	4,960	—140
Teijin	432	+15
Teikoku	655	—5
Tokyo Marine	724	—6
TBS	850	...
Tokyo Elect Pwr	1,800	+60
Tokyo Gas	174	—2
Tokyo Sanyo	708	+13
Tokyo Style	770	+4
Tokyu Corp.	327	—14
Toppan Print	872	—2
Toray	448	+7
Toshiba Elect.	420	—1
TOTO	680	—5
Toyo Seikan	615	—5
Toyota Motor	1,220	—10
Victor	1,850	—30
Wacoal	720	—15
Yamaha	715	—2
Yamanouchi	2,730	+150
Yamazaki	630	—6
Yasuda Fire	371	—6
Yokogawa Bdge.	470	...

SINGAPORE

Jan. 2	Price $	+ or —
Boustead Hldgs.	1.7	—0.08
Cold Storage	2.61	—0.01
DBS	5.7xa	—0.05
Genting	4.84	—0.08
Haw Par. Bros.	2.05	—0.06
Hong Leong Fin.	3.2	...
Inchcape Bhd.	2.45	—0.02
Keppel Shipyard	1.5	—0.01
Malay Banking	6.55	...
Malay Utd. Ind	2.38	—0.12
Multi Purpose	0.95	—0.04
OCBC	8.95	—0.05
OUB	3.8	—0.14
Public Bank	1.7	—0.02
Sime Darby	1.76	—0.03
Singapore Press	6.15	...
Straits Trdg	4.58	—0.02
Tat Lee Bk.	2.9	...
UOB	4.28	—0.02

SOUTH AFRICA

Jan. 2	Price Rand	+ or —
Abercom	1.32	+0.02
AE&CI	7.7	...
Anglo Am Coal	41	...
Anglo Am Corp.	23.6	+0.6
Anglo Am Gold	164	...
Barclays Bank	16.5	...
Barlow Rand	10.75	...
Buffels	66.5	+0.5
CNA Gallo	2.5	...
Currie Finance	4.35	...
De Beers	8.23	+0.05
Driefontein	48	—2
FS Geduld	44	—1.5
Gold Fields SA	26	...
Highveld Steel	3.6	...
Nedbank	11.8	...
OK Bazaars	15	...
Protea Hldgs.	1.5	...
Rembrandt	29	...
Rennies	14.25	...
Rust Plat	15.25	—0.4
Sage Hldgs	7.3	...
SA Brews	6.9	...
Smith (CG)	21.5	—0.25
Tongaat Hulett	7.0	—0.1
Unisec	5.5	...

CANADA

TORONTO

Prices at 2.30pm January 2

Sales	Stock	High	Low	Close	Chng
300	CHUM	$37	36½	37	+½
600	C Distb A	$6¼	6¼	6¼	
2000	CDistb B f	$6¼	6	6	—⅛
2000	CTL Bank	$10½	10⅛	10⅛	—⅛
300	Coseka R	282	282	282	
50	Inland Gas	$15	15	15	+¼
22950	Inter Pipe	$34¼	34⅛	34⅛	—⅛
3500	Jannock	$11¼	11	11	—¼
3000	Kam Kotia	95	95	95	
599	Kerr Add	$14½	14	14⅛	+¼
1799	Revn Prp A	102	101	101	—10
2100	Rogers A	$6⅝	6⅝	6⅝	
100	Roman	$13⅛	13⅛	13⅛	
125	Rothman	$40½	40⅛	40⅛	+½
1600	Sceptre	$5½	5⅜	5⅜	+⅛

Total sales 4,052,622 shares

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued on Page 17

LONDON

Monday's chief price changes

RISES

Brown (M.)	298	+18
Espley Trust	25	+5
Evode	120	+10
Lon & M. Grp	686	+7
Manch Ship C.	230	+24
Mellerware Intl.	153	+10
Refuge	318	+8
Rothmans Intl.	187	+6
Securicor	268	+8
Sun Life	789	+9
Ward White	215	+10

FALLS

Tr 9½ C 89	£93[11/16]	—£1[1/16]
Ex 12[3/4]	£116[3/4]	—£¾
Boots	188	—8
BP	477	—10
Britoil	193	—7
Debenhams	209	—6
Grand Met	307	—8
Guinness (A)	235	—9
Hanson Trust	333	—9
Henderson Ad	588	—22
Hepworth (J)	176	—10
Midland Bank	345	—28
Minet	236	—10
Rowntree Mack	373	—12
Tarmac	510	—8
Tate & Lyle	435	—7
Thorn EMI	472	—12

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 15

WORLD VALUE OF THE DOLLAR
every Friday
in the
Financial Times

WORLD STOCK MARKETS

OVER-THE-COUNTER

Continued from Page 16

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

J–J, K–K, L–L, M–M, N–N, O–O, P–Q, R–R, S–S, T–T, U–U, V–V, W–W, X–Y–Z: [illegible]

Indices

NEW YORK

DOW JONES

	Dec. 31	Dec. 28	Dec. 27	Dec. 26	Dec. 24	1984 High	1984 Low	Since Compiltn High	Since Compiltn Low
♦Industri'ls	1211.57	1204.17	1202.52	1208.92	1210.14	1286.64 (8/1)	1086.57 (24/7)	1287.20 (29/11/83)	41.22 (2/7/32)
H'me Bnds	72.45	72.49	72.72	72.49	72.48	72.92 (18/12)	64.81 (25/5)	—	—
Transport.	558.13	556.91	553.70	554.25	555.14	612.63 (9/1)	444.03 (25/7)	612.63 (9/1/84)	12.32 (8/7/32)
Utilities	149.52	146.80	146.65	146.75	147.18	149.93 (18/12)	122.25 (15/6)	163.72 (20/4/69)	10.5 (28/4/42)
TradingVol 000's	80,260	77,070	70,100	46,490	55,660	—	—	—	—

♦Day's High 1215.55 (1210.47) low 1199.20 (1198.11)

	Dec. 21	Dec. 14	Dec. 7	year ago (approx)
Industrial div. yield %	4.89	4.99	5.04	4.51

STANDARD AND POORS

	Dec. 31	Dec. 28	Dec. 27	Dec. 26	Dec. 24	1984 High	1984 Low	Since Comp'tn High	Since Comp'tn Low
Indust'ls	186.56	185.49	184.90	185.84	186.16	191.48 (6/11)	167.74 (24/7)	194.84 (10/10/83)	3.62 (30/6/32)
Comp's'te	167.24	166.26	165.75	166.47	165.76	170.41 (6/11)	147.82 (24/7)	172.15 (10/10/83)	4.40 (1/6/23)

	Nov. 28	Nov. 14	Nov. 7	year ago (approx)
Industrial div. yield	4.12	4.07	3.95	3.72
Industrial P/E ratio	10.60	10.69	10.89	14.43
Long Gov. Bond yield	*11.37*	*11.71*	*11.57*	*11.49*

N.Y.S.E. ALL COMMON

Dec. 31	Dec. 28	Dec. 27	Dec. 26	1984 High	1984 Low
96.38	95.89	95.64	96.04	98.12 (6/11)	85.13 (24/7)

Rises and Falls

	Dec. 31	Dec. 28	Dec. 27
Issues Traded	2,016	2,008	2,013
Rises	982	827	575
Falls	589	645	897
Unchanged	445	536	541
New Highs	(u)	—	50
New Lows	(u)	—	23

TORONTO	Dec. 31	Dec. 28	Dec. 27	Dec. 24	1984 High	1984 Low
Metals & Minerals	1932.0	1920.8	1908.16	1925.8	2524.4 (12/1)	1641.2 (25/7)
Composite	2400.5	2388.0	2384.2	2393.8	2585.7 (6/1)	2079.7 (24/7)
MONTREAL Portfolio	119.84	118.62	118.89	119.71	126.85 (10/1)	100.36 (24/6)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Comw. Ed.	2,691,700	27⅝	+ 0⅛	Toys R U S	1,112,500	39⅜	− 0⅞
Bell South	2,350,300	33⅜	+ 0⅜	Nicor	835,100	28⅜	− 0⅜
Philips Pet.	1,531,300	45⅞	+ 0⅜	No Inds PS	780,600	11⅞	− 0⅜
Burroughs	1,466,900	57⅞	+ 0⅜	Storage Tech.	674,900	2⅜	− 0⅛
ATT	1,264,100	19⅜	—	N Med. Ent.	674,000	22⅞	− 0¼

	Jan. 2	Dec. 31	Dec. 28	Dec. 27	1984-85 High	1984-85 Low
AUSTRALIA						
All ord. (1/1/80)	729.0	(c)	726.1	724.2	787.9 (8/1/84)	546.5 (18/6)
Metals & Minls. (1/1/80)	411.7	(c)	409.4	411.0	567.4 (5/1/84)	394.9 (18/12)
AUSTRIA						
Credit Aktien (2/1/62)	58.22	(c)	58.57	59.1	59.37 (28/12)	53.20 (15/8)
BELGIUM						
Belgium SE (1/1/80)	2174.44	(c)	—	—	—	—
DENMARK						
Copehagen SE (3/1.83)	165.85	(c)	167.38	167.30	225.21 (20/1/84)	161.78 (17/10)
FRANCE						
CAC General (31/12/82)	181.6	(c)	181.40	182.3	185.0 (26/10)	100.8 (28/12/84)
Ind Tendance (28/12/84)	100.2	(c)	100.0	—	100.2 (2/1/85)	99.4 (3/1/84)
GERMANY						
FAZ Aktien (31/12/58)	385.17	(c)	381.18	379.79	385.17 (2/1/85)	317.17 (25/7)
Commerzbank (1/12/53)	1118.4	(c)	1107.9	1103.3	1118.4 (2/1/85)	917.7 (25/7)
HONG KONG						
Hang Seng Bank (31/7/64)	1220.74	1200.58	1185.67	1176.95	1220.74 (2/1/85)	746.02 (13/7)
ITALY						
Banca Comm Ital. (1972)	229.56	230.31	228.17	225.92	230.31 (31/12)	182.06 (2/1/84)
JAPAN**						
Nikkei-Dow (16/5/49)	(c)	(c)	11542.60	11513.5	11577.4 (4/12)	9703.35 (23/7)
Tokyo SE New (4/1/68)	(c)	(c)	913.37	908.05	913.37 (28/12)	730.45 (4/1/84)
NETHERLANDS						
ANP-CBS General (1970)	186.6	(c)	181.9	181.1	186.6 (2/1/85)	146.8 (25/7)
ANP-CBS Indust (1970)	148.4	(c)	145.3	145.2	148.4 (2/1/85)	118.7 (18/6)
NORWAY						
Oslo SE (4/1/83)	288.18	(c)	286.77	283.57	298.70 (9/5)	221.67 (4/1/84)
SINGAPORE						
Straits Times (1966)	800.47	(c)	812.81	813.69	1071.91 (8/2)	785.28 (21/11)
SOUTH AFRICA						
Gold (1958)	(u)	(c)	950.7	954.2	1099.0 (19/11)	738.1 (24/7/84)
Industrial (1958)	(u)	(c)	954.7	922.5	1105.3 (26/5)	855.5 (19/8)
SPAIN						
Madrid SE (28/12/84)	101.48	(c)	140.66	—	101.48 (2/1/85)	100.09 (28/12/84)
SWEDEN						
Jacobson & P (1/1/58)	1561.60	(c)	1554.49	1547.5	1594.5 (3/2)	1302.99 (22/11)
SWITZERLAND						
Swiss BankCpn. (31/12/58)	(c)	(c)	585.6	584.8	588.5 (3/1/84)	354.5 (26/7)
WORLD						
Capital Intl. (1/1/70)	—	187.1	187.1	187.10	190.6 (3/5)	185.2 (14/12)

** Saturday December 29: Japan Nikkei-Dow (c). TSE (c).

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. (u) Unavailable.

INTL. COMPANIES & FINANCE

Lachlan Drummond on a miner coping with low copper prices

MIM takes tough line on cost-cutting

MR BRUCE WATSON, chief executive of MIM Holdings, the Australian mining and mineral processing company, drives home a simple message: the company has stopped waiting for the depressed copper price to rise — instead, it is chasing down its costs.

The cost-cutting measures are already making themselves felt in figures circulating within the company, he says: and by the first quarter of the 1985 calendar year (the third quarter of the group's financial year) they should be plain to see in the reported profits.

"We are moving to reduce the cost of production of a pound of metal, and we are taking some pretty tough action to do that."

However, MIM accounts on the basis of an average inventory price, so that it takes some months before the full effects of lower production costs are filtered through as improved profits on the sale of the metal.

GROUP SALES VOLUMES

	1984	1983	1982
	Thousand tonnes		
Copper	159	158	144
Lead	193	163	181
Zinc	160	137	114
Nickel	4	4	3
Coal	3,148	1,488	1,130
Iron ore	1,005	880	1,057
	Thousand kg		
Silver	491	437	412

Moreover, the full impact of the actions taken has not yet been felt. The shift to extract higher grade ore from the massive Mt Isa copper body, for example, cannot occur overnight. But the fact that MIM is shifting in this direction is a sign of the depth of concern by the company at the need to bolster profits and cash flows when an A$1.2bn (U.S.$1bn) *expansion in coal is applying* previously unknown pressures.

Mr Watson reckons the mining house can get its cash cost of production — before financing costs and depreciation — down to the low 50s (in terms of U.S. cents a pound), at which: "We would be down there with the best of them.

"There aren't too many who can produce for less than 50 U.S. cents."

With copper at around 60 cents a pound, getting a bottom line profit is still not easy, however, and MIM remains convinced that a cyclical lift in the copper price is coming. Mr Watson says he has been exjecting the market to turn up for four years, and takes the view that copper will rise in price in the coming year, but that world stocks must fall by another 400,000 to 500,000 tonnes before there is any significant movement.

"I don't see a dollar a pound, but I guess I might see 75 cents — and that's crystal balling."

To back up that idea there is the evidence of continued falls in world stockpiles, although Mr Watson's belief that the price will not rise above 75 cents reflects the view that unused capacity would tend to come back on stream as prices rose. This capacity overhang and the so-called social metal dimension to copper seems to sit behind MIM's cost-cutting drive.

"Whatever happens on the market, it is essential that we *structure our operations to meet* the current prices, and to ensure that we can be profitable on our metal operations at the low point of future cycles," Mr Watson told shareholders at the annual meeting a few weeks ago.

By shifting to a "profits now" posture at Mt Isa, it is changing to some extent the overall life of the mine by increasing the high-grade proportion in its production mix and diminishing the lower-grade rate.

In return for this, it should see the average copper ore grade rise to the high end of the 3 per cent grade, from the low threes —3.3 per cent in 1983-84 and 3.1 per cent the previous year—which has been the traditional pattern.

To help achieve this, MIM has in the past year eliminated some 1,100 jobs—almost 200 in its head office.

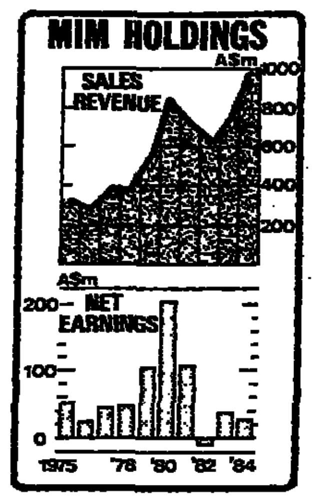
Capital spending is under tight control — construction of an A$50m linking shaft at Mt Isa has been dropped.

This "tight belts and tight ships" approach is spread across all the company's operations, but it is underground at Mt Isa, and particularly on the copper stream, that the real benefits can be expected.

Even without the cost cutting drive, MIM was generally considered to be relatively well placed on the copper production cost curve; but with copper prices running at, or close to, real historical lows, there was little compensation for the company or shareholders in knowing they stood to be among the last to close down.

Hence the swing to drive down metal production costs further — despite their having been reduced in real terms by 23 per cent in the past decade.

Yet MIM is not just a copper company, which in the past 12 months has stood it in good stead; its return from its silver-lead-zinc ore body at Mt Isa will have provided the backbone to group cash flows, with zinc playing a particularly important part.



In 1983-84 zinc production at 160,000 tonnes edged out copper as the main tonnage output for the first time—not bad for a metal mined consequently on the pursuit of the lead-silver content of the ore-body. The rise in tonnage results from a step to boost lead output and the fact that the deeper the ore is mined the higher the proportion of zinc.

With this in view MIM moved some two years ago to buy into two German zinc works—one a refinery, the other a fabricator—to secure outlets for the higher tonnage of zinc concentrates produced and exported, and to provide downstream integration.

With a stronger zinc price, these combined moves have assumed the greater importance. Copper is on the ropes, lead and silver are generally in retreat, and the coal business is looking dismal.

From a profit point of view the mix of metals and prices is expected to see Mim's metals operations turn in around A$50m pre-tax in the current year, to June 30, and perhaps A$130m in 1985-86, according to a recent evaluation by Mr Chris Buckle, analyst at Ord Minnett, the Sydney stockbrokers. Include coal, he says, and the annual pre-tax this year this year falls to around A$15m.

That's a far cry from the 1979-80 peak of A$381m, about A$4m better than last year, and some A$40m better than the A$24m pre-tax loss of the first quarter, to September.

Mr Watson says that the company is earning modest profits on its Oaky Creek and expanded Collinsville export coking coal operations, while at the Newlands steaming coal mine losses are being run up. Operationally, MIM is satisfied, particularly as Newlands will be hitting 4m tonnes a year shortly, a rate 1.5m tonnes above the initial plan, reflecting MIM's success in finding markets.

But, financial results are proving "less satifactory." Mr Watson said in his chairman's address that another A$10 a tonne — equal to A$80m a year on the expected coking-steaming tonnage rate this year — is needed, to get a more adequate return on shareholders' funds invested in the mines.

The expansion comes fully into play for the first time this year. It has seen MIM take on about A$800m of project debt, and Mr Watson says MIM is comfortable because of the cash flows being won from coal and the project nature of the finance, debt which will be reduced because of the positive cash flows.

But despite his wish for A$10 more on coal prices Mr Watson does not expect prices to show much movement in the next few years, reinforcing the view that the coal interests are unlikely to be big profit contributors before the 1990s.

Meanwhile, MIM has another A$800m of non-coal debt and getting that total down remains a key objective — although this will require an improvement in metals prices.

For the moment, zinc, although weaker than it has been this year, is MIM's best metal — although it sees silver as still being above its long-term trend line, not the case for lead and copper.

But it is a reflection of the changed profile of MIM—and perhaps of cost savings being more readily available on the metals stream — that in choosing between 75 U.S. cents a pound for copper and A$10 on the coal price, Mr Watson has little hesitation in plumping for the coal price rise:

AVERAGE PRICES RECEIVED*

	1984	1983
	A$ per tonne	
Copper	1,461	1,646
Lead	472	513
Zinc	1,120	836
Iron ore	21.03	23.37
	A$ per kg	
Silver	343	365

* Nickel and coal prices not disclosed.

The copper price is the one most likely to move, but whatever happens, the cost cutting moves will shortly show an effect. "With tight ships everywhere, come our third quarter I will be surprised if what we have been doing is not becoming obvious."

● Years given in the graphs and tables relate to those ending June 30.

INTERNATIONAL COMPANIES and FINANCE

Receiver seeks deal for parts of Saleninvest

BY DAVID BROWN IN STOCKHOLM

THE court-appointed receiver of Saléninvest, which was Sweden's largest shipping group before its bankruptcy last month, is attempting to reach an agreement on an arrangement to save the profitable portions of the group's dry cargo and tanker operations.

The sale of Saléninvest's minority stakes in Monitor Shipping and Argonaut, dry cargo and tanker operations which were hived off from the group last year, is being held up by the Government, which is a major creditor and is seeking *to protect the jobs of some 900* seamen.

Meanwhile, several refrigerated cargo contracts have already been taken over by SRS Reefer. SRS is a new ship brokerage company led by the former president of Salén's reefer division, financed by the investment bang Gyllenhammar & Partners, and to be staffed by many former reefer division employees.

SRS is bidding to manage 60 of the 80 reefer vessels previously operated by Saléninvest—which controlled roughly a quarter of the world refrigerated cargo market. It has not yet reached a formal agreement with Mr Bjorn Edgren, the receiver.

Mr Edgren hopes agreement can be reached with the unions and the Government by mid-January.

● Brostroms, the Swedish shipping company resecued by the Government last year, has announced it will buy the remaining 50 per cent stake in Nordic Baulker, a bulk shipping operation, for an unspecified sum.

Nordic Baulker, which had a turnover of about SKr 80m last year, will continue to concentrate on the Scandinavian market where it regularly charters some six vessels (25,000-60,000 dwt) which ship goods mainly for Scandinavian steel iron ore and forest products manufacturers. The deal is being *financed internally, said* Mr Buster Hultman, Brostroms managing director.

The half stake in Nordic Baulker is presently held by two Scandinavian trading companies—Thomesto of Finland and Salinity of Sweden. It is expected to show a slight pretax loss in 1984 but should be profitable this year despite the depressed market, forecast Mr Hultman.

Banco de Bilbao raises $100m

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

AN EXPECTED rush of new issues failed to appear in the Eurobond market yesterday, leaving Spain's Banco de Bilbao to brave the field alone with a $100m, 15-year floating rate note.

Dealers said that though several deals were in the pipeline, borrowers were deterred yesterday by the weakness of the New York bond market and by the strength of the dollar, which discouraged Far Eastern investors. Swiss banks were also closed yesterday and trading in the Eurobond market *is expected to remain light* until next week.

The Banco de Bilbao issue, which is led by Morgan Guaranty and the borrower itself, bears interest at a margin of 1/16 per cent over the mean of the *London* interbank bid and offered rates for six months Eurodollar deposits. Investors can opt for their bonds to be redeemed in 1993, 1995 and 1997.

The issue also bears an unusual feature in that on the first four interest payments, investors can opt to take interest in the form of shares priced at a discount of 3 per cent from the average market price of the shares in the previous month.

This could produce some speculative gains if the share price rises rapidly during any *one period*, bankers said, but the issue was treated in the market as a straightforward floater and traded at a discount of some 82 basis points, within its total fees of 95 points.

Secondary market prices of Eurodollar bonds were marked down by about ½ points in light trading with Eurosterling issues *showing steeper falls because of* the weakness of the currency. D-Mark issues were slightly easier.

● **John Elliott** *adds from* **New Delhi: Merrill Lynch has been mandated by the Indian Government to be lead manager for a $150m floating rate note** which the government-owned Oil and Natural Gas Commission *intends* to issue in the third week of this month.

It was chosen from a group of five banks invited to bid for India's first entry into the floating rate note market early in November. The others were Credit Suisse First Boston, Morgan Guaranty, Salomon Brothers and S. G. Warburg.

The decision to go ahead with the bidding was seen by the Indian Government as a demonstration of its confidence that its international standing had not been hit by the assassination of Mrs Indira Gandhi.

Details of syndicated loans for aircraft purchases by Air India and Indian Airlines are now being finalised.

Borregaard has 42% of Nora Industrier

By our Oslo Correspondent

BORREGAARD, the Norwegian forest products, chemicals, metals and consumer goods group, has acquired 42 per cent of the shares of Nora Industrier, the Norwegian foodstuffs and beverage group.

Borregaard says it does not, for the moment, intend to *buy more of* Nora's shares, though industry analysts believe that Borregaard might be interested in doing so in the foreseeable future.

The Oslo Stock Exchange value of the 42 per cent of Nora shares *is* about NKr 330m (£36m). Borregaard had a turnover of about NKr 4.7bn in 1984, while Nora's turnover was about NKr 1.3bn.

Borregaard's policy for the *past few years* has been to increase its interests in the foodstuffs sector and the acquisition of the Nora shares is only the latest of several steps in this direction.

About 22 per cent of the Nora *shares* were recently acquired by Borregaard through a share swap with Norsk Hydro, the Norwegian industry and energy group, while the other 20 per cent were bought in the open market in the past few days.

Sime Darby forecasts lower profits

By Wong Sulong in Kuala Lumpur

SIME DARBY, the Malaysian conglomerate, expects lower pre-tax profits of 195m ringgit (U.S.$81.5m) for the year ending June 1985 compared with pre-tax earn*ings of 214m ringgit for the* last financial year.

The forecast was made in an offer document in which Sime is proposing to acquire the entire stake of United Estates Projects, a major Malaysian property company, through a share exchange of two UEP shares for three Sime shares.

Sime did not elaborate on the lower earnings forecast, but it is expected that the plantation division will not be as buoyant as last year due to softer commodity prices.

The *acquisition of* UEP is part of Sime's plan to move away from its traditional activities in plantations and heavy equipment. This process includes the acquisition of a 51 per cent stake in Dunlop Malaysian industries from Dunlop Holdings of the UK and an expansion of its insurance interests.

On the assumption of a 100 per cent takeover of UEP, Sime's paid up capital would be increased from 391m ringgit to 543m ringgit of 50 cents shares.

This would make Sime the biggest company on the Malaysian and Singapore Stock Exchanges in terms of paid-up capital and the second biggest after Overseas Chinese Banking Corporation in market capitalisation.

The enlarged Sime will have net tangible assets of over 1.8bn ringgit compared with 1.2bn ringgit now.

The profit forecast does not include the profits of UEP.

Steep decline on Kuala Lumpur SE

By Our Kuala Lumpur Correspondent

THE MARKET capitalisation of the top 100 companies on the Kuala Lumpur Stock Exchange fell by more than 13bn ringgit (U.S.$5.4bn) last year — from 67.89bn to 54.84bn ringgit, according to figures released yesterday.

This 19 per cent fall is in line with the decline in the KLSE industrial index which fell by 20.5 per cent to 511 points.

Unlike the major world bourses which recorded good gains in 1984, prices on the KLSE and its closely related neighbour, the Singapore Stock Exchange, were depressed by political and economic problems.

These included the continuing power struggle in the Malaysian Chinese Association, *the Chinese partner in* the Government, the Bank Bumiputra loan scandal and tight liquidity.

While there were 15 listed companies with a market capitalisation exceeding 1bn ringgit at the end of 1983, there were only 10 as at December last year.

There was no change in the top four rankings. Three Singapore banks—Overseas Chinese Banking Corporation (market capitalisation 4.9bn ringgit), Development Bank of Singapore (1.88bn ringgit) and United Overseas Bank (1.88bn ringgit) occupied the top three spots, while plantation-based Sime Darby (1.55bn ringgit) retained the fourth slot.

Sime is expected to move to second spot in the course of this year with its takeover of United Estates Projects, a property developer.

Salomon Brothers tops lead manager league

BY PAUL TAYLOR IN NEW YORK

SALOMON BROTHERS, the *Wall Street investment bank*, easily dominated the rankings for bringing new debt and *equity issue to market in* the U.S. last year, according to figures compiled by IDD *Information Services, an* independent research group.

The securities firm acted as lead *manager for 186 issues* totalling $21.2bn, over 25 per cent of all new issues offered during the year and more than twicethe dollar volume of issues managed by Orexel Burnham Lambert, its nearest rival.

It is the second consecutive year Salomon has headed the IDD league table and the third time *in* the past five years Salomon has topped the list.

Morgan Stanley ranked first in 1980 and 1982 but slipped to seventh place with 58 issues worth $4.9bn lead managed last year.

Drexel raised a total of $10.5bn in 102 offerings and First Boston ranked third in 1984 with 129 offerings worth $10bn.

However, the rankings change somewhat using underwriting activity as a measure. Merrill Lynch, with its extensive retail *network, ranked first in the* number of offerings it participated in as an underwriter which totalled 545 issues worth $8.2bn and Prudential-Bache, Paine Webber and Shearson Lehman/American Express all moved up the list.

But in dollar terms Salomon and Drexel both held onto the top underwriting slots with Salomon participating in 509 offerings as an underwriter—worth $12bn—and Drexel logging 545 underwritings worth $8.4bn.

For the Wall Street investment banks as a whole 1984 turned out to be the second biggest after 1983 when a record *2,196 issues raised $97.1bn. In* 1984 there were 1,410 offerings of debt and equity worth $62.2bn.

The boom came despite generally depressed equity market conditions which resulted in the number of common stock offerings last year plunging to 556, worth $8.92bn, from 1,418, worth $36.65bn, in *1983*. In common stocks Morgan Stanley, which lead managed three of the largest foreign stock equity issues in the U.S. last year—British Telecommunications, Reuters and Cadbury Schweppes—emerged as the most active lead manager with 17 common stock offerings worth $1.2bn. Sachs and Merrill Lynch ranked second and third respectively. Morgan also lead the list for initial public offerings (IPOs) last year raising $648m for nine companies.

Debt market offerings however, made up for much of the decline in equities as corporate treasurers rushed into the credit markets, particularly in the fourth quarter, encouraged by steady demand, declining interest rates and the resulting lower financing costs.

Grand Marine Holdings faces liquidation

BY DAVID DODWELL IN HONG KONG

GRAND MARINE Holdings, the Hong Kong-based shipping group and sole survivor from the collapse of the Carrian empire, has almost certainly failed in its 15 month-long struggle to continue, Mr Aubrey Clark, the chairman, has *revealed*.

The 12 bank creditors which in October 1983 rescheduled the *company's debts in an attempt* to keep it afloat decided last week to withdraw their financial support, Mr Clark told shareholders at the company's annual general meeting. With no other rescue plan thought possible, *he suggested it was only a* matter of time before liquidators were called in. No formal demand for liquidation has yet been made, however.

Between the end of 1982 and today, Grand Marine's fleet has dwindled from 66 vessels to just seven *bulk carriers* as it has tried to reduce debt through disposals. But in the middle of *1984, debts still included* outstanding bank loans amounting to HK$810m (US$104m). In the 12 months to June 30, 1984 the company—win which Carrian held a 60 per cent stake—reported a loss of HK$162.5m.

Grand Marine's creditors, foremost among which was the Hongkong and Shanghai Bank*ing Corporation, originally* committed themselves to supporting the company until March 1986. However, they reserved the right to terminate the agreement at any time.

Support had been given in the hope that the dry cargo market — on which Grand Marine depended heavily — would recover, allowing the company to trade its way out of difficulty. But the market remains so deeply depressed that a majority of creditors *decided last week that further* financial support could not be justified. One banker noted: "It was simply costing too much money."

The once-powerful Carrian group, headed by Mr George *Tan, collapsed in the autumn* of 1982. Debts attributable to the group, and to those privately controlled by Mr Tan, are understood to amount to more than HK$ 10bn.

Grand Marine's difficulties were aggravated by ambitious expansion in the late 1970s without equal attention being given to ensuring sufficient *charter contracts. In addition*, expansion was mainly in small bulk carriers, which are still today the vessels in greatest oversupply in the world shipping market.

At its peak, Grand Marine operated Hong Kong's fourth largest fleet. It branched out into other kinds of transport and *insurance*, as well as owning restaurants and other property.

Sharp earnings rise for Pegi at mid-way

BY OUR KUALA LUMPUR CORRESPONDENT

PEGI, the Malaysian investment company which is the biggest shareholder of Dunlop, has reported a big improvement in earnings with pre-tax profit for the six months to September rising to 4.84m ringgits ($2m) from 356,000 ringgits. Turnover rose to 15.8m ringgits from 9.4m ringgits.

The bulk of the earnings came from its newly acquired Swee Lam estates, which put up a good performance because of strong palm oil prices. Directors expect earnings to be maintained for the second half.

Pegi, which holds 26 per cent of *Dunlop, has made it known that it* does not fully support the Dunlop reconstruction proposals put forward by Sir Michael Edwardes, the new chairman.

The main objection is that the restructuring, involving the conversion of a sizeable amount of debts into equity, would reduce the stake of current Dunlop shareholders to less than 20 per cent, and that of Pegi to just over 5 per cent.

Bredero sees 35% profits fall in year

BY LAURA RAUN IN AMSTERDAM

BREDERO, the Dutch construction company which has been plagued by *difficulties in its* operations and overseas projects, expects profits to drop by 35 per cent to Fl 22.50 a *share for 1984 from Fl 34.80 in 1983*. Turnover is expected to fall about 10 per cent to Fl 1.35bn ($386m) from the 1983 level.

Mr Adam Feddes, president, attributed the earnings and sales declines primarily to weakness in Bredero's pipe-coating activities and other overseas operations. The pipe-coating division, which depends on oil and gas pipeline construction, is not likely to recover in the short-term, according to analysts, because of the depressed conditions of the oil market.

Bredero expects turnover to recover this year, largely because of an investment programme aimed at diversifying and enlarging the company's share of the stagnant construction market.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.

Closing prices on January 2

U.S. DOLLAR STRAIGHTS

STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 12¾ 88	150	†102⅞	102⅞	−0⅛	−0⅛	11.69
Austrian Rep. 13⅝ 92	100	110⅛	110⅞	0	+0⅛	11.40
Bank of Tokyo 12¾ 92	100	†100⅛	101	0	0	12.45
Bank of Tokyo 13⅝ 91	100	107⅞	108	−0⅛	0	11.81
Caisse Nat. Tel. 13¾ 91	100	†107½	108	−0⅛	−0⅛	11.92
Canadian Pac. 12½ 99	75	103⅛	103¾	0	+0⅛	11.97
Chevron USA 12⅛ 89	600	102⅛	102⅜	−0⅛	−0⅛	11.65
Creditanstalt 13⅝ 91	100	†103⅞	104⅜	−0⅛	−0⅛	12.12
Denmark Kgdm. 13 91	100	103⅞	104⅛	−0⅛	−0½	12.00
Denmark Kgdm. 13¾ 91	100	*†104⅛	105⅛	0	0	12.89
Denmark 13⅞ 88 XW	100	105⅜	105⅞	−0⅛	−0⅛	11.81
Denmark Kgdm. 14 91	100	106	106½	−0⅛	−0½	12.60
EIB 12½ 90	100	103⅜	103⅞	−0⅛	−0⅛	11.51
EIB 12⅞ 94	100	105⅛	105⅝	0	+0⅛	11.86
EIB 13 96	200	104⅛	104⅞	0	0	12.25
Export Dev. Cpn. 12 89	100	102⅜	102⅝	−0⅛	−0⅛	11.31
Exxon Cap. Cpn. 0 2004	1800	†12⅞	13⅛	+0⅛	0	10.76
Florida Fed. Sv. 12⅝ 89	100	†102⅝	103⅛	−0⅛	−0⅛	11.42
Gnl. Mills 12 91 XW	100	*†98⅛	99⅛	0	−0⅛	12.22
IBM Credit Cpn. 11⅝ 87	200	102⅞	103⅛	−0⅛	−0⅛	10.34
Ind. Bk. Japan 12⅞ 89	100	†103⅛	103⅞	−0⅛	−0⅛	11.80
Ind. Bk. Japan 13⅝ 91	125	109⅝	110⅛	−0⅛	−0⅛	11.59
Int.-Am. D. Bk. 12¾ 91	150	†103	103½	+0⅛	+0⅛	12.01
Japan Air Lines 13⅞ 94	180	*†110⅞	111⅞	0	+0⅛	11.36
LTCB 12⅞ 91	100	103⅞	104⅜	−0⅛	−0½	11.94
Macy Cr. Cpn. 11⅜ 95	100	†97⅜	98⅛	−0⅛	−0⅛	12.09
Mellon Bank 13 87	100	†102⅞	103⅛	−0⅛	−0⅛	11.50
Merrill Lynch 12¾ 89	100	102⅞	103⅛	+0⅛	+0½	11.82
Minnesota 11½ 87	100	101⅛	101⅜	+0⅛	+0⅛	10.81
Mitsubishi Cpn. 13⅝ 89	100	107⅛	107⅝	0	+0⅛	11.03
Montagu 13⅛ 91	100	†104⅛	104⅝	−0⅛	−0⅛	12.21
Mrgn. Guaranty 12¾ 89	150	101⅞	102⅛	−0⅛	−0⅛	11.69
Mrgn. Guaranty 12¾ 88	150	†102⅛	102⅝	−0⅛	−0⅛	11.86
Nippon Cred. B. 13⅞ 89	100	106⅛	106⅝	−0⅛	−0⅛	11.88
North America 12⅞ 91	100	104⅜	104⅞	0	0	11.82
Penney J. C. 12¾ 91	100	*103⅛	103⅝	0	0	11.96
Quebec Hydro. 11½ 92	100	*†101½	102	0	+0⅛	11.15
Quebec Prov. 12⅝ 94	150	*100⅝	101⅛	0	+0⅛	12.05
Ralston Purina 12⅝ 89	100	104⅛	104⅝	−0⅛	−0⅛	11.48
R. Bk. Cn. 12⅝ 92 XW	100	†100⅛	101⅛	+0⅛	+0⅛	12.46
Saskatchewan 11⅞ 89	100	†101⅞	102⅛	−0⅛	−0⅛	11.30
Sears O/S Fin. 11⅝ 91	150	101½	101⅞	0	0	11.23
S. Pac. O/S Fin. 12 92	100	99⅜	99⅞	−0⅛	−0⅛	12.06
SNCF 12⅜ 92 XW	100	†100	100⅜	−0⅛	−0⅛	12.32
Statoil 12 88	100	102⅜	102⅞	+0⅛	0	11.00
Statoil 13½ 89	100	107½	108	−0⅛	−0⅛	11.19
Sumitomo Fin. 12⅝ 91	150	102⅝	103	−0⅞	−0⅛	12.07
Sw. E. Cr. 12¾ 89 XW	100	†102⅞	103⅛	0	0	11.84
Sweden Kgdm. 11½ 88	200	99⅛	99⅝	−0½	−0⅛	11.68
Sweden Kgdm. 11⅝ 94	100	99½	100	+0⅛	0	11.79
Texaco Capital 12⅞ 87	300	103⅛	103⅞	0	0	11.16
Texaco Capital 13⅝ 89	200	106⅛	106⅝	+0⅛	+0⅛	11.54
Toronto D. Bk. 12⅛ 88	100	†101⅛	102⅛	+0⅛	+0⅛	11.58
Walt Disney Pr. 12⅛ 87	150	†102½	103	−0⅛	−0⅛	11.23
Weyerhaeuser 13⅝ 87	150	102⅛	102⅝	0	0	11.16
World Bank 12⅞ 94	150	†102⅞	103⅛	+0⅛	+0⅛	11.71
World Bank 12⅝ 94	200	104⅛	105⅛	−0⅛	−0⅛	11.87
Yasuda T. & F. 12⅛ 89	100	100⅛	101⅛	−0⅛	−0⅛	12.02

Average price changes... On day 0 on week −0⅛

DEUTSCHE MARK STRAIGHTS

STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS

STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 7⅝ 94	15	100⅞	101⅜	+0⅛	+0⅛	7.20
Eurofima 7⅝ 94	10	101⅝	102⅛	+0⅛	+0⅛	7.07
Int.-Am. Dv. Bk. 7½ 94	15	101⅛	101⅝	0	0	7.27
New Zealand 7⅛ 90	15	101⅛	101⅝	+0⅛	0	6.80
World Bank 7 94	20	99⅞	100⅛	0	0	6.97

Average price changes... On day +0⅛ on week +0⅛

OTHER STRAIGHTS

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Chrysler Cred. 14 91 C$	50	†103⅝	104⅛	0	+0⅛	13.08
Dnmk. Kgdm. 13 89 C$	100	†101⅞	102⅛	−0⅛	−0⅛	12.35
EDC 11½ 89 C$	100	†97⅞	98⅛	0	+0⅛	12.02
Fed. Busnss. 12½ 87 C$	50	†101⅛	102⅛	−0⅛	+0⅛	11.56
Metro Toronto 13 94 C$	50	†105⅝	106⅛	+0⅛	+0⅛	11.91
TCPL 12⅝ 89 C$	75	†101½	102	+0⅛	+0⅛	12.12
Trizec Corpn. 13 89 C$	50	†101⅛	101⅝	0	0	12.53
Vienna City 13¾ 94 C$	82	†105⅜	105⅞	0	0	12.21
EIB 10⅛ 90 Ecu	50	105⅛	106	+0⅛	+1½	9.43
EIB 11⅛ 94 Ecu	50	106⅞	107⅜	+0⅛	+0⅞	10.04
III 11 89 Ecu	80	104⅜	104⅞	+0⅛	+0⅛	9.68
Aegon 8⅜ 89 Fl	100	104⅛	104⅝	0	+0⅛	7.00
Algemene Bk. 7⅝ 89 Fl	150	103⅝	104⅛	0	+0½	6.77
Dai-Ichi 8½ 89 Fl	50	102⅝	103⅛	0	+0⅛	7.68
Friesch-Gron 8⅝ 89 Fl	50	103⅜	103⅞	+0⅛	+0⅛	7.32
New Zealand 8⅝ 89 Fl	100	104⅛	104⅝	0	0	7.04
Charbnags. 13⅞ 85 FFr	400	†102	103	+0⅛	+0⅛	10.94
Air Canada 11⅜ 94 £	40	100⅝	101	−0⅛	−0½	11.09
BAT Int'l 10⅝ 91 £	100	97½	98	+0⅛	+0⅛	11.23
CBS Inc. 10⅞ 94 £	40	96⅜	96⅞	−0⅛	−0⅛	11.46
Denmark 11⅞ 84 £	75	100⅛	100⅝	−0⅛	−0⅛	11.76
EEC 11⅛ 94 £	50	99⅜	100⅛	−0½	−0⅛	11.37
Grand Met. 10⅞ 90 £	50	96⅛	96⅝	−0⅛	−0⅛	11.75
ICI Finance 8½ 99 £	100	†105⅛	105⅝	0	−0⅛	7.85
Ireland 11⅛ 94 £	50	96½	97	−0⅛	−0½	11.95
New Zealand 10⅛ 89 £	100	96⅞	97⅛	−0⅛	−0⅛	11.47
OKB 12⅛ 91 £	30	103⅝	104⅛	−0⅛	−0⅛	11.33
Royal Trustco 12⅛ 89 £	30	†102½	103	−0⅛	−0⅛	11.39
United Tech. 11⅛ 89 £	35	†103⅛	103⅝	−0⅛	−0⅛	10.73
World Bank 10⅛ 89 £	100	97⅛	97⅝	−0⅛	−0½	11.40
World Bank 10⅝ 89 £	50	97	97½	−0⅛	−0⅛	11.37
World Bank 11 94 £	50	97⅛	97⅝	−0⅛	−0⅛	11.43
ECSC 10½ 94 LuxFr	100	103⅞	104⅞	+0⅛	+0⅛	9.76
N. Lux. A. 10½ 92 LuxFr	600	103⅝	104⅝	+0⅛	+0⅛	9.70

FLOATING RATE NOTES

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BBL Int. 5 99	0⅛	100⅛	100½	11/4	11.69	11.64
Bankamerica O/S 5⅛ 96	0⅛	100	100⅜	28/12	11⅝	11.61
Bank of Montreal 5 96	0⅛	100⅛	100½	26/1	10⅛	10.21
Bankers Trust 5⅛ 96	0⅛	100⅛	100⅜	13/2	9⅞	9.85
Barclays O/S In. 5 2004	0⅛	100⅝	100⅞	2/3	12.31	12.28
Belgium 5 2004	0⅛	†100⅛	100⅞	11/4	13⅛	13.04
BFCE 5⅛ 99	0⅛	100½	100⅝	13/3	12.19	12.11
BNP 5⅛ 95 (July)	0⅛	100⅛	100½	21/1	12.94	12.89
Chase Man'tn 5⅛ 2009	0⅛	99⅝	99⅞	5/3	9.56	9.59
Citic'p O/S 5⅛ 98 Sep	0⅛	99⅝	99⅞	19/12	11.19	11.24
Credit Lyonnais 5⅛ 96	0⅛	100½	100⅝	11/4	11⅝	11.68
Dai-Ichi Kangyo 5⅛ 96	0⅛	†100	100⅜	13/5	10.06	10.04
Dresdner Fin 5⅛ 89	0	99⅞	100⅛	23/2	9.81	9.81
EDF 5⅛ 99	0⅛	†100⅛	100⅜	23/2	12⅛	12.31
Ireland 5⅛ 99	0⅛	*†100⅛	100⅛	14/3	12⅜	12.33
Italy, Republic 5 94	0⅛	99⅞	100⅛	9/5	9.94	9.94
Lloyds Euro. 5 2004	§0⅛	100⅛	100⅜	19/4	11½	11.47
Midland Int. Fin. 5 99	§0⅛	100⅛	100⅜	6/3	12⅛	12.34
Mt. Bk. Denmark 5⅛ 99	‡0⅛	†100	100⅛	11/1	11⅞	11.86
Nat. West. Perp. 5 89	0⅛	100½	100⅝	13/5	10⅛	10.31
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Aim Group jumps 71% to £835,000 midterm

CONFIDENCE expressed last August that the Aim Group would make further progress is borne out by the interim figures.

For the six months ended October 31 1984 this manufacturer to the aircraft industry and general engineer has expanded its turnover by just over £1m to £7.29m and its pre-tax profit by £347,000 to £835,000, equal to 71 per cent. The interim dividend is again 1.9p net, payable April 1.

The group is a designer and manufacturer of aircraft cabin interiors and equipment, and protective coverings for military and civil aircraft. Its other interests cover heating, air-conditioning and refrigeration systems; property development; the manufacture of a range of ovens combining both microwave and conventional principles. In view of the planned deliveries for the second half, the directors are confident that further progress will be maintained.

In the year ended April 30 1984 the profit rose from £447,000 to £1.16m, and the dividend total was held at 5.75p.

After tax £333,000 (£148,000) the first half net profit came out at £502,000 (£340,000) for earnings of 4.8p (3.2p) per share. There is an extraordinary charge of £22,000 for reorganisation and redundancy costs. Two directors—Mr Caspar Macdonald-Hall and Mr J. C. Smith—have waived their entitlement to 1.3p of the current interim dividend.

● comment

Investors in AIM Group have had a bumpy ride since the company came to market in 1982. But the group now seems to be performing more steadily than before with pre-tax profits this year likely to be not far short of the 1981-82 peak of £2.25m. The company has been buoyed by strong demand from the world's airlines which are spending heavily on refurbishing existing fleets. Moreover, new management is getting to grips with the problems of W. Henshall, the largest subsidiary, making aircraft galleys. However, this company, which produced 40 per cent of 1981-82s profits, is not expected to make a substantial profit contribution again until 1985-86. The shares have made steady progress over the past year and edged up a further 3p to 124p yesterday—but they remain below the 140p 1982 offer for sale price. Assuming full-year profits of £2m and a 40 per cent tax charge they change hands on a multiple of about 10½. This seems high enough given the cyclical nature of the aircraft industry.

Receivers called in at George Spencer

By Stefan Wagstyl

THE RECEIVERS have been called in at George Spencer, the troubled Nottingham-based knitwear and leisurewear company which had its share suspended last week.

Accountants Peat Marwick Mitchell were appointed yesterday to the group which employs about 600 people—250 in the Irish Republic, and the rest mainly in the Nottingham area.

Mr Fred Marks, a partner at Peat Marwick's Nottingham office said the group's companies were being put on sale and in the meantime George Spencer would continue trading.

On Friday, Spencer's shares were suspended at 10½p, putting a market valuation of £641,000 on the company, and at the same time 14.7 per cent shareholder Mr Maurice Cresswell resigned as chairman.

These moves have come as Spencer appeared ready to reverse five years of decline. In September it announced reduced pre-tax losses of £242,000 for the first half of 1984, against £422,000. In 1983 there was an overall pre-tax loss of £1.05m, on turnover of £9.9m.

Mr Marks, whose firm is Spencer's auditor, said that it was felt that the group would not be sufficiently profitable in the long-term to finance its borrowings. There were now "significantly" higher than the £693,000 stated in the balance sheet at the end of 1983.

Mr Marks was hopeful of finding buyers for Spencer's knitwear companies in the UK and in Eire, but he was concerned about the future of the Nottingham-based finishing and dying operations, where 65 people work.

Alexander Nicoll on the outcome of BAT's 6-year U.S. legal dispute

Lessons of an anti-trust battle

THE U.S. Federal Trade Commission has just approved BAT Industries' $250m acquisition of Appleton Papers — not, on the face of it, a remarkable development. But BAT consummated the deal six and a-half years ago, and has since had to fight off an anti-trust challenge even though it had no prior presence in the U.S. specialist paper market.

The British company's battle against the complaint by FTC staff — eventualy rejected by the Commission, the U.S. Government's anti-trust watchdog — consumed several million dollars in legal costs as well as unquantifiable top management time spent preparing, travelling and putting BAT's case in a complicated series of procedures.

For BAT, which has a range of U.S. and other foreign investments including such well-known names as Saks Fifth Avenue and Gimbels department stores and Kool and Viceroy cigarettes, the attempt to unwind the Appleton purchase has not forced so much as a hic-cough in its active acquisition and divestment programme.

It is important to remember as well that BAT, like the industrial gases group BOC which ran into similar problems with its purchase of Airco, eventually won its case, and that it has done well out of the deal. Appleton is very profitable.

Nevertheless, British and other non-U.S. companies lacking BAT's resources and American experience may well see its Appleton experience as a cautionary tale. They need to think carefully before attempting to move into the U.S. through acquisition, especially when the target has a significant share in a market where there are only a few other important participants.

They can, however, take heart from one result of the FTC ruling. The Commission itself saw BAT as a test case, and its decision appears virtually to eliminate one important way in which FTC staff can challenge an acquisition.

When BAT acquired Appleton, the U.S. company accounted for more than 60 per cent of the U.S. market for chemical carbonless paper (CCP)—coated paper producing an imprint without the use of carbon paper. Wiggins Teape, a BAT subsidiary, was the largest CCP producer outside the U.S.

Wiggins did not compete with Appleton in the U.S. market, so there were no grounds for an anti-trust challenge on that basis.

Nor was Wiggins seen as a potential competitor in the U.S. market, so the FTC could not complain on the grounds of "perceived potential competition." Under this doctrine, the perceived possibility of a new entrant into a closely-controlled market exerts a competitive pressure on market prices.

If that possibility is removed because the perceived entrant acquires an existing major participant, the FTC may challenge the purchase on the grounds that it lessens existing competition—even though the new entrant has not in fact so far been a competitor.

The FTC staff chose instead to challenge BAT — as it had also challenged BOC — on the grounds of "actual potential competition," a theory which takes the argument one stage further.

The theory postulates that an acquisition may prevent a given market from becoming as competitive as it might otherwise

Mr Patrick Sheehy, the chairman of BAT Industries

become. If a new entrant acquires a major player, the market will not become as competitive as it would have done had the new entrant started new operations or acquired a toehold by acquiring a smaller company.

Crucial to a defence against this complaint is proof that the acquirer had not been previously planning another form of entry, and then abandoned its plan in favour of acquiring a big participant.

But until the BAT ruling, even this proof was not enough. The FTC staff could argue that the acquirer had the capability, inteerst and sufficient incentive to enter the market independently.

To this end, the FTC staff produced complex financial models purporting to show that independent entry by BAT would have been profitable. BAT produced models showing what for it were insufficient rates of return.

The Commission threw out such speculation. "Our review of the legal and economic bases for the actual potential competition doctrine has persuaded us that clear proof that independent entry would have occurred but for the merger or acquisition should be required to establish that a firm is an actual potential competitor," it said.

BAT had not contemplated an independent move into Appleton's market.

Mr Richard Baker, BAT's in-house solicitor, says the saga has emphasised several key lessons for British managers:

● The U.S. anti-trust procedure is very different from the relatively non-bureaucratic process in the UK. Investigations by U.S. agencies are not easily predictable.

● British companies acquiring in the U.S. should employ in-house counsel, get expert anti-trust advice and confide in their lawyers.

● Managers embroiled in a long dispute need to obtain the full support of top management, who will have to spend time preparing and testifying.

Managers should also be careful that what they commit to paper is not open to misinterpretation when exposed to hostile lawyers.

One FTC commissioner warned companies against idle mulling of U.S. acquisition plans. "Only those entities who ignore the wisdom of some well known sages need fear the toils of the actual potential competition net," she wrote. The wisdom? "See no Evil, Hear no Evil, and especially Speak and Write no Evil."

Equity & Law holds bonus rates

Equity & Law Life Assurance Society is maintaining its annual reversionary bonus rates for 1984 at £4.50 per cent of the basic benefit and attaching bonuses applicable to both life and pension contracts.

As in previous years, the society is consolidating part of the terminal bonus in the form of a special reversionary bonus for the longer duration contracts at similar levels to 1983.

The company is making significant increases in its terminal bonus rates for claims arising in 1985, particularly at the shorter durations. On life policies, the scale ranges from 70 per cent for entry year 1950 to 45 per cent for entry year 1975, the percentage applied to the basic benefit and attaching bonuses. The previous scale varied from 65 per cent to 25 per cent. Terminal bonus increases on pension contracts are somewhat lower.

The company has made some bonus increases on certain group pension contracts, the remainder having the same rate as in 1983.

● General Accident Life, formerly known as Yorkshire-General Life Assurance, has kept its annual reversionary bonus rate unchanged for 1984 but is making increases in its terminal bonus rates for policies becoming claims in 1985.

Thus on current assurances, the reversionary rate remains at £5 per cent of the sum assured and £5.50 per cent of attaching bonuses, with ther terminal bonus rate lifted from 50 per cent to 55 per cent of attaching bonuses. For contracts issued in 1981 or earlier, the reversionary rate remains at £7.50 per cent of the sum assured plus increased terminal bonuses.

On personal pension policies, mainly for the self-employed, the reversionary bonus rate remains at £9.50 per cent compound, while on individual pension arrangements, mainly for executives, the rate stays at £7.60 per cent compound. On both contracts the terminal bonus rate is increased from 35 per cent to 40 per cent of attaching bonuses.

Devenish set for good upturn

J. A. Devenish, the West Country brewer that announced a major reorganisation programme last September, is confident of achieving a good upturn in trading profits during 1985 and in future years.

The costs of the changes will be considerable but the directors say they have been concerned for some time about the comparatively low earnings which, when related to a high asset value, give a low return on the capital employed.

The reorganisation will mean the loss of 92 jobs in Weymouth. In future most of the beer will be brewed at Redruth and distribution for the Weymouth company will be done from the group's existing distribution centre at Honiton. An extra 39 people will be employed to leave the net reduction in jobs at 53.

Mr R. S. Hargreaves, the chairman, says in his annual statement that adequate borrowing facilities are available to cover the gross estimated redundancy payments of £710,000 and planned capital expenditure.

The first aim of the reorganisation is to reduce the cost of brewing beer. The second is to recycle the assets of the group into better yielding properties.

It is proposed to close and sell a number of low volume pubs and use the funds raised to improve existing higher volume pubs and in acquiring new premises. The directors intend that Devenish will remain independent and profitable.

Group trading profits for the 52 weeks ended September 28 1984 edged ahead from £1.98m to £2.1m. At year-end net current assets amounted to £1.28m (£1.21m).

Horsell rises 40% and demand firm

A 40 per cent advance in interim profits has been achieved by the Frank Horsell Group and Mr Alan Martin, group chairman, is confident that the full year result will "comfortably exceed" the £2.48m attained in 1983-84.

The taxable result for the six months to end-September 1984 moved up from £1m to £1.4m on turnover ahead by 51 per cent at £11.25m.

Horsell principally supplies printing consumables and equipment to the printing industry, and has other interests in engineering and asset leasing.

Mr Martin says that growth markets remains intense, he says that demand for Horsell's high quality products is firm.

The shares are traded on the over-the-counter market made by Granville and Co. No dividends are paid on the ordinary shares. overseas has been strong. Although competition in world

Bowater

Bowater Industries has sold its UK carpet manufacturing company, Georgian Goodacre Carpets, to Melton Medes, a Nottingham-based private group, for an undisclosed sum. Georgian employs some 500 people in Kidderminster and Kendal and has a turnover of £11m. The deal is part of Bowater's strategy of divesting itself of peripheral interests.

New annual premiums up 50% at Scottish Mutual

EXCEPTIONALLY good new business results last year have been reported by Scottish Mutual Assurance Society. New annual premiums were nearly 50 per cent higher than in 1983 at £20.95m, against £14.34m, while single premiums amounted to £34.02m compared with £7.87m.

Despite the withdrawal of Life Assurance Premium Relief in last year's Budget, new annual premiums on ordinary life business fell only marginally from £9.23m to £8.76m with mortgage-related business remaining buoyant.

The drop was more than made up by excellent pension sales. New annual premiums on self-employed pensions rose over three times from £1.45m to £4.93m, while premiums on executive pensions almost doubled from £1.95m to £3.81m. Group pensions business showed a recovery last year, with premiums doubling to £3.45m.

The phenominal growth in single premium business was mainly on pensions or pensions related business

Norwich Union offshoot invests £1m in Amchem

Castle Finance, a venture capital subsidiary of Norwich Union Insurance, has invested £1m in Amchem, a small East Midlands-based supplier of specialised machining systems to aero engine makers.

The investment consists of £500,000 in equity, giving Castle a 23 per cent stake in Amchem, and a 10-year £500,000 loan to the company.

Mr Malcolm Whitmore, managing director of Amchem, said the new capital would enable the company to be more aggressive about tackling new projects.

Amchem was set up in 1970 and has specialised in electrical discharge machining (EDM), a technology which permits high precision machining, especially on awkward shapes, such as turbine blades.

Mr Whitmore, who with a partner holds the rest of Amchem's equity, said the company would need to raise further capital in the future. He envisaged seeking a quotation for its shares at some point, although not this year.

Caparo Inds. in £4m sale

Caparo Industries, Mr Swraj Paul's engineering and metals group, has sold its entire 16.1 per cent stake in Brown & Tawse, the Dundee-based distributor of pipes and valves, for £4.2m.

Caparo had put its holding of 3.36m shares up for sale after agreeing the terms of a £14.1m takeover bid for Fidelity, the consumer electronics group, in September.

Caparo Group, Mr Paul's holding company, put in a back-up offer of 120p per share for the Brown & Tawse stake but Caparo Industries announced yesterday the shares had been placed at 126p per share, net of expenses.

The profit of £1.07m on the disposal will be included in Caparo's accounts to December 31 1985. The placing price was 1p higher than the middle market price of 125p on December 31.

Caparo said the sale was part of its policy of de-gearing its existing activities by the sale of surplus properties, investments and certain peripheral businesses.

Caparo Group also placed its entire holding of 283,000 Brown & Tawse shares on the same terms to raise £356,000.

Brown & Tawse's shares were unchanged yesterday at 126p while Caparo Industries rose 1p to 38p.

MINING NEWS

Ranger to supply U.S. utilities with uranium

BY GEORGE MILLING-STANLEY

THE LARGEST uranium mine in Australia has taken a further step towards its goal of securing sufficient long-term contracts for the supply of uranium oxide to enable it to double production.

Energy Resources of Australia, which operates the Ranger mine in the Northern Territory, has signed contracts with two U.S. utilities for the supply of a minimum of 3,250 tonnes of uranium. Both contracts include options which could substantially increase the tonnage supplied, ERA said yesterday.

The larger of the two contracts is for 2,500 tonnes with American Electric Power Service, and the other is with Pennsylvania Power and Light for 750 tonnes.

ERA said the deal with American Electric is potentially its biggest single contract, with the chance of reaching a total value of U.S.$500m (£360m) in 1984 terms if all the options are exercised. The smaller deal has a current value of about U.S.$50m.

The company added that the new contracts, which call for deliveries to start within a few years, indicate strong interest by power companies in the Ranger mine, and are most encouraging for the plans to expand production.

In the financial year to June 30, Ranger produced 3,099 tonnes of uranium oxide, but ERA would like to double output to 6,000 tonnes a year, making it the largest uranium mine in the world. The proposed expansion has still to be approved by the Australian Government.

However, yesterday's announcement also included news of the cancellation on September 30 of a contract by Indiana and Michigan Electric for the supply of 2,250 tonnes of uranium. Deliveries under this contract, which dates from July 1980, began in 1982, but were suspended from the beginning of 1983 at the request of the customer.

COMPANY NEWS IN BRIEF

In its first figures since gaining a full listing last March, Robertson Research, the oil and minerals technical services group, has increased interim pre-tax profits by 42 per cent.

The result for the six months to September 30 1984 was £1.17m against a comparable £822,000, and Mr R. Cummings, the chairman, expects trading in the current half to continue to be satisfactory. He looks forward to reporting "record profits and earnings" for the full year.

The first interim dividend is 1.2p net per share, with earnings per share stated at 5.7p (4.8p) on increased capital.

Turnover rose from £7.11m to £9.31m, generating profits of £1.17m (£902,000) at the operating level. Associates added £75,000 (£27,000), offset by interest charges at £76,000 (£107,000).

* * *

Equity Consort Investment Trust is raising its net interim dividend from 3.15p to 3.5p and the directors expect to recommend a final of not less than 7.175p making a total of 10.675p (10.325p) per £1 ordinary share.

They also expect to pay a net annual dividend on the 50p deferred shares of not less than 12.95p (12.25p).

Net asset value as at October 31 1984 increased to 362p (315p) per ordinary share and 523p (431p) per deferred share.

Group revenue for the six months to end October rose from £292,759 to £330,370. Tax tool. £160,866 (£142,508).

* * *

First half ended September 30 1984 profit before tax of Leopold Joseph Holdings (investment holding company), showed a slight reduction compared with 1983. The Guernsey subsidiary made a larger contribution but that was more than offset by minor reductions elsewhere. The interim dividend is again 1.875p.

The bank's traditional cautious approach has been maintained at a time when currency and interest rates have remained very volatile. There is "good reason" to suppose that the outcome for the year will again be satisfactory.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Aim Group	int	1.9	April 1	1.9	—	5.75
TR City of London	2nd int	0.78	Feb 28	0.68	—	2.9
TSB Gilt¶	int	3	Feb 15	3	—	12

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Gross throughout.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interim:—British Benzol Carbonising.
Final:—Albion.

FUTURE DATES

Interims:—
Country and New Town Props. .... Jan 17
United Wire .... May 2
Final:—
Fleming Claverhouse Inv. Tst. .... Jan 14

BASE LENDING RATES

A.B.N. Bank	9½%
Allied Irish Bank	9½%
Amro Bank	9½%
Henry Ansbacher	9½%
Armco Trust Ltd.	10½%
Associates Cap. Corp.	9½%
Banco de Bilbao	9½%
Bank Hapoalim	9½%
BCCI	9½%
Bank of Ireland	9½%
Bank of Cyprus	9½%
Bank of India	9½%
Bank of Scotland	9½%
Banque Belge Ltd	9½%
Barclays Bank	9½%
Beneficial Trust Ltd.	10½%
Brit Bank of Mid. East	9½%
■ Brown Shipley	9½%
CL Bank Nederland	9½%
Canada Perm'nt Trust	9½%
Cayzer Ltd	9½%
Cedar Holdings	11 %
■ Charterhouse Japhet	9½%
Choulartons	**
Citibank NA	9½%
Citibank Savings	¶10½%
Clydesdale Bank	9½%
C. E. Coates & Co. Ltd.	10½%
Comm. Bk. N. East	9½%
Consolidated Credits	9½%
Co-operative Bank *	9½%
The Cyprus Popular Bk	9½%
Dunbar & Co. Ltd.	9½%
Duncan Lawrie	9½%
E. T. Trust	10 %
Exeter Trust Ltd	10 %
First Nat. Fin. Corp.	11 %
First Nat. Secs. Ltd.	11 %
■ Robert Fleming & Co.	9½%
Robert Fraser & Ptns.	10 %
Grindlays Bank ‡	9½%
■ Guinness Mahon	9½%
■ Hambros Bank	9½%
Heritable & Gen. Trust	9½%
■ Hill Samuel §	9½%
C. Hoare & Co. †	9½%
Hong Kong & Shanghai	9½%
Johnson Matthey Bkrs	9½%
Knowsley & Co. Ltd	10½%
Lloyds Bank	9½%
Mallinhall Limited	10 %
Edward Manson & Co.	10½%
Meghraj and Sons Ltd.	9½%
Midland Bank	9½%
■ Morgan Grenfell	9½%
Mount Credit Corp. Ltd.	9½%
National Bk. of Kuwait	9½%
National Girobank	9½%
National Westminster	9½%
Norwich Gen. Tst.	9½%
People's Tst. & Sv. Ltd.	10½%
Provincial Tst. Ltd	11%
R. Raphael & Sons	9½%
P. S. Refson	9½%
Roxburghe Guarantee	10 %
Royal Bk. of Scotland	9½%
Royal Trust Co. Canada	9½%
■ J Henry Schroder Wagg	9½%
Standard Chartered ‖	9½%
Trade Dev. Bank	9½%
TCB	9½%
Trustee Savings Bank	9½%
United Bank of Kuwait	9½%
United Mizrahi Bank	9½%
Westpac Banking Corp.	9½%
Whiteaway Laidlaw	10 %
Williams & Glyn's	9½%
Wintrust Secs. Ltd.	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.25%. 1 month 7.00%. Fixed rate 12 months £2,500 8.75%. £10,000 12 months 9.00%.
† 7-day deposits on sums of under £10,000 6¾%, £10,000 up to £50,000 7¼%, £50,000 and over 8%.
‡ Call deposits £1,000 and over 6¾%.
‖ 21-day deposits over £1,000 7¼%.
¶ Mortgage base rates.
§ Demand deposits 8%.
** See Provincial Trust Ltd.

EQUITABLE UNITS

Daily prices as at 2 January 1985
EQUITABLE UNITS ADMINISTRATION LIMITED
57-63 Princess Street, Manchester M2 4EQ. 061-236 5685

Authorised Unit Trust prices

	Bid	Offer	Yld%
Far Eastern	47.9	51.0	0.77
Gilt & Fxd Int	47.1	50.1	9.78
High Income	49.7	52.9	6.32
North American	49.2	52.4	2.37
Pelican	See UT Information Service		
Special Sits	49.3	52.5	3.40
Tst of Invst Tsts	48.8	52.0	1.89

EQUITABLE LIFE ASSURANCE SOCIETY
4 Coleman Street, London EC2R 5AP
01-606 6611

Insurance Fund Prices

	Bid	Offer
Far Eastern	96.7	101.8
Fd of Inv Tsts	98.2	103.4
Gilt & Fxd Int	95.3	100.3
High Income	99.6	104.7
Managed	96.4	101.5
Money	95.3	100.3
North American	98.7	103.9
Pelican	98.1	103.3
Property	95.3	100.3
Special Sits	99.0	104.2

Pension Fund Prices

	Bid	Offer
Pens Far Eastern	96.8	101.9
Pns Fd of Inv Tst	98.7	103.9
Pn Gilt & Fxd Int	95.3	100.3
Pens High Inc	100.5	105.8
Pens Managed	97.4	102.5
Pens Money	95.6	100.6
Pens Nth Am	99.5	104.7
Pens Pelican	98.5	103.7
Pens Property	95.5	100.5
Pens Specl Sits	99.7	104.9

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Over-the-Counter Market

1984-85 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
142	123	Ass. Brit. Ind. Ord.	141	+1	6.6	4.7	7.8	9.3
148	135	Ass. Brit. Ind. CULS	148	—	10.0	6.8	—	—
77	52	Airsprung Group	53	—	6.4	12.0	6.8	7.1
42	26	Amitage & Rhodes	41	—	2.9	7.0	5.1	8.5
134	108	Bardon Hill	134	—	3.4	2.5	13.5	22.5
58	42	Bray Technologies	48	+1	3.5	7.3	5.6	8.0
201	173	CCL Ordinary	173	—	12.0	6.9	—	—
152	114	CCL 11pc Conv. Pref.	114	—	15.7	13.8	—	—
800	100	Carborundum Ord.	800	+2	5.7	0.7	—	—
86	84	Carborundum 7.5pc Pf.	86	+2	10.7	12.4	—	—
103	80	Cindico Group	80	−3	—	—	—	—
73	51	Deborah Services	65	—	6.5	10.0	8.1	10.0
240	182	Frank Horsell	240	—	—	—	9.6	12.6
206	170	Frank Horsell Pr Ord 87	206	—	9.6	4.6	8.3	10.8
31	25	Frederick Parker	30	+1	4.3	14.3	—	—
50	33	George Blair	50	—	—	—	3.4	6.7
60	30	Ind. Precision Castings	30	—	2.7	9.0	8.2	8.9
218	200	Isis Group	200	—	15.0	7.5	7.9	14.4
124	106	Jackson Group	106	—	4.9	4.9	4.9	9.5
285	213	James Burrough	281	—	13.7	4.9	10.0	10.0
93	83	James Burrough 9pc Pf.	93	—	12.9	13.9	—	—
82	71	John Howard & Co.	82	—	5.0	6.1	8.4	11.9
147	100	Linguaphone Ord.	143	+2	—	—	—	—
100	93	Linguaphone 10.5pc Pf.	96	—	15.0	15.6	—	—
575	300	Minihouse Holding NV	575	+3	3.8	0.7	41.4	45.3
120	31	Robert Jenkins	32	—	5.0	15.6	—	—
60	28	Scruttons "A"	28	—	5.7	20.4	14.7	3.4
92	61	Torday & Carlisle	87	—	—	—	9.3	19.8
444	370	Trevian Holdings	370	—	4.3	1.2	21.0	20.7
27	17	Unilock Holdings	27	—	1.3	4.8	13.1	18.9
93	81	Walter Alexander	93	—	7.5	8.0	7.0	11.2
247	228	W. S. Yeates	226	—	17.4	7.7	5.4	10.8

Prices and details of services now available on Prestel, page 48146

Public Works Loan Board rates

Effective January 2 1985

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
1	—	—	10⅞	—	—	11⅞
Over 1, up to 2	10⅞	10⅞	11	11⅜	11⅜	11⅞
Over 2, up to 3	10⅞	10⅞	11¼	11⅞	11⅞	11⅞
Over 3, up to 4	11	11⅛	11½	12	12⅛	12
Over 4, up to 5	11⅛	11¼	11⅝	12⅛	12⅛	12⅛
Over 5, up to 6	11¼	11⅜	11⅝	11⅞	11⅞	12
Over 6, up to 7	11⅛	11⅜	11⅝	11⅞	11⅞	12⅛
Over 7, up to 8	11⅛	11⅝	11⅝	11⅞	11⅞	12⅛
Over 8, up to 9	11⅜	11⅜	11¼	11⅞	11⅞	12
Over 9, up to 10	11⅜	11¼	11⅞	11⅞	12	11⅞
Over 10, up to 15	11⅝	11⅝	11	12⅛	11⅞	11⅞
Over 15, up to 25	11¼	10⅞	10¾	11⅝	11⅞	11⅝
Over 25	10⅞	10⅞	10⅝	11⅞	11¼	11⅝

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

هكذا صدر الأصل

LONDON STOCK EXCHANGE

MARKET REPORT

Rising short-term interest rates spoil market's first session of 1985

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec 10	Dec 20	Dec 21	Jan 7
Dec 24	Jan 10	Jan 11	Jan 21
Jan 14	Jan 24	Jan 25	Feb 4

* "New-time" dealings may take place from 9.30 am two business days earlier.

Rising short-term interest rates curbed investment enthusiasm and spoiled the London stock market's entry into 1985. Significantly higher levels for credit in UK money markets yesterday were the main but not the only adverse influence on sentiment. Other contributory factors included further sterling weakness and unpleasant news from Midland Bank regarding its troubled Crocker National subsidiary.

Brokers reported initial selling from equity investors reaping the rewards of the recent sustained advance in share prices, but generally viewed the setback as an overdue technical *correction of the market's* current bull phase. Business activity throughout the session was moderate with some institutional and professional operators enjoying an extension of their New Year festivities.

Blue chip industrials settled after the first hour or so of trade only to ease again later awaiting the Wall Street opening. The Dow Jones index fell quite sharply from the outset and London values followed to leave the FT Ordinary share index down 11.9 at the day's lowest of 940.4. The banking sector was upset by Crocker's revised fourth-quarter loss of some £185m, which has necessitated a fresh cash injection of £216m from parent concern Midland. The damage to prices was later repaired, however, and only Midland sustained an appreciable fall, closing 28 down at 345p, after 340p.

A nervous Gilt-edged market was forced to endure fresh offerings with shorter maturities facing the brunt of the business as fears revived of possible higher borrowing costs. The pound's eventual rally from its worst-ever level of $1.1390 against the dollar provided little comfort and leading shorts eventually suffered losses ranging to ¼. The longs, although more thinly traded, became unsettled by bouts of heavy activity in the futures market. With *buyers extremely reluctant*, quotations for longer-dated gilts reacted accordingly and selected stocks closed nearly a *point down on balance.*

Clearers dip and rally

Midland Bank's statement concerning Crocker National Bank initially unsettled other major clearing banks but after the opening mark-down prices recovered to close only *modestly* lower. NatWest settled 8 down at 590p, after 585p, while Lloyds finished 5 off at 530p, *after* 525p. Barclays were finally a couple of pence cheaper at 563p, after 555p. Elsewhere in the *Banking* sector, Mercury Securities found support and rose 13 to 428p, but Standard and Chartered fell 8 to 470p. *Hongkong and Shanghai* rose 4 to 91p on Far Eastern influences. Woodchester Investments, *now* fully listed, added 3 at 146p *following* Press comment.

Life Insurances attracted selective support in the wake of *Prudential's satisfactory new* business figures. Sun Life improved 9 to 798p and Pearl hardened 4 to 987p, while *London and Manchester* rose 7 to 888p. Refuge gained 8 to 318p in a restricted market.

An otherwise lacklustre session in regional Breweries was enlivened by another relatively active turnover in Matthew Brown; down to 278p in the early business on further reflection of the company's bid denial, shares of the Blackburn-based concern attracted fresh speculative support and finally settled a net 18 to the good at 298p. The leaders drifted for want of attention. Arthur Guinness encountered profit-taking *and shed 9 to 235p, while* Bass eased 6 to 477p.

Leading Buildings gave a drab performance and settled at the day's lowest. Blue Circle gave up 8 to 472p, and BPB Industries lost 5 to 275p. Tarmac remained on offer in the wake of the 14.3m share placing to finance the acquisition of the quarrying and concrete assets of Lone Star Industries of the U.S. and the close was a net 8 down at 510p. Among Timbers, Phoenix continued to reflect favourable comment and rose 4 afresh to 146p.

ICI edged up to 738p before slipping back on early Wall Street influences to close a couple of pence cheaper on balance at *734p.* Elsewhere, Morceau Holdings found support and rose 8 to 188p.

Stores quietly dull

Recent support of leading Stores, which had reflected widespread indications of a record Christmas business, subsided and falls extended into double-figures; dealers were quick to point out that selling was generally light. Gussies "A" fell 14 to 693p and Marks and Spencer 4 to 116p, while losses of 6 were noted in Debenhams, 209p, House of Fraser, 310p, and Burton, 415p. Dixons, due to reveal interim figures during the next trading Account, eased 8 to 562p and Currys closed 13 off at 612p in sympathy. Profit-taking was responsible for a decline of 10 in recent high-flier *J. Hepworth, 176p, but Ward* White provided an outstanding firm spot, rising 10 more to 215p still on an investment recommendation. Jewellers also attracted occasional interest and gains of around 3 occurred in Acsls, 23p, and Ernest Jones, 84p.

Leading Engineers drifted easier in light trading, but secondary issues showed a majority of small gains. Country *buying lifted Belgrave Holdings* 6 to 146p, while included among noteworthy improvements in smaller-priced issues were Triplex, up 3 at 38p, and Camford, a similar amount dearer at 30½p.

British Telecom resisted a dull trend in the Electrical sector and made further progress to a new peak of 106½p, up a penny. Thorn EMI, a particu*larly good market of late*, ran into profit-taking and reacted 12 to 472p; the interim figures are due on January 10. BICC fell *9 to 228p on the proposed closure of* a U.S. subsidiary. Elsewhere, Mellerware responded to a broker's New Year recommendation by rising 10 to 153p. Speculative interest lifted Sunleigh 3 to 10p, but Cray Electronics, awaiting next week's interim figures, eased 4 to 213p.

Several of the Food sector's recent high-flyers lost their recent sparkle, particularly the bid candidates. Rowntree Mackintosh fell 12 to 373p and Tate and Lyle lost 7 to 435p.

Among Retailers, Associated Dairies succumbed to selling *and the close was a net 6 down* at 158p; the interim results are due shortly. Elsewhere, Alpine Soft Drinks put on 3½ to 27½p on vague takeover rumours.

Hotels and Caterers turned easier with Grand Metropolitan slipping 8 to 307p.

Hanson Trust react

Hanson Trust, which figured prominently in the New Year tips, succumbed to fairly persistent profit-taking and ran back 9 to 333p. Powell Duffryn eased 7 to 435p in sympathy. Other falls among miscellaneous industrial leaders were fairly modest but Boots, reflecting a setback in the Stores sector after the recent strong advance, closed 8 cheaper at 188p. Metal Box eased 4 to 396p and Reed International a like amount to 538p. Elsewhere, Manchester Ship Canal came to life as buyers showed interest and rose 24 to 230p; the results are due next month. *Aim Group advanced* to 127p in response to good half-year figures before settling 3 higher on balance at 124p. Fresh *support lifted De La Rue 13 to* 800p, while Sale Tilney, reflecting further demand in a limited market, rose 7 to 407p. Revived *speculative interest left Evode* 10 to the good at 120p. Far Eastern advices prompted a rise of 9 to 241p in Swire Pacific "A" and a gain of 6 to 139p in China Light and Power. Security shares recorded several useful gains, Securicor rising 8 to 268p and Security Services a like amount to 270p. Polly Peck, on the other hand, met with sporadic *selling and gave up 6 at 212p.*

Among Leisure issues, Tottenham Hotspur attracted a relatively lively two-way business and *the close was a couple of pence* dearer at 76p, after 80p. USM-quoted MME Facilities firmed 4 to 71p.

Specialist printers McCorquodale, a firm market recently reflecting persistent takeover speculation, rose 3 more to 193p, *after 195p, following the £0.4m* cash acquisition of John Wisden of cricketing publications fame. Elsewhere, Addison Communications, wanted *on Monday* following a New Year recommendation, encountered profit-taking and ran back 7 to 200p.

Noteworthy movements in Properties were confined to secondary issues. Espley Trust attracted fresh support on recovery prospects and rose 5 to 25p, while renewed demand on Stamford Bridge development hopes lifted Marler Estates the same amount to 126p. Trafford Park Estates gained 6 to 192p on occasional buying.

Textiles lacked a decided trend. Courtaulds led leading *issues lower with a fall of 3 at* 125p. Dawson International, 260p, and Tootal, 64p, both shed a few pence. In contrast, Sunbeam Wolsey *hardened a couple* of pence to 55p on the disclosure that Namaval now controls just under 19.1 per cent of the equity. Hicking Pentecost, 52p, and R. Smallshaw, 34p, rose 3 apiece.

Tobaccos were also irregular. Bats turned dull and dipped 10 to 340p on vague talk of a sizeable line of shares overhanging the market. Rothmans International, on the other hand, rose 6 to 187p in belated response to a New Year investment recommendation.

Oils easier

Reports that BNOC has ruled out any North Sea oil price cuts for at least a month and the recent OPEC agreement failed to inspire confidence in the leading Oils which fell away throughout the day. In generally subdued trading BP gradually gave ground to close a net 10 lower at 477p, while Shell dipped 5 to 650p. Britoil and LASMO gave up 7 apiece at 193p and 317p respectively. Currency considerations boosted Royal Dutch which moved up ½ to £42⅞.

Secondary issues remained a quiet market but Ireland's Oliver Prospecting attracted substantial selling from the outset and finally settled 35 cheaper at 160p amid persistent talk of a dry well in the Celtic Sea.

The continuing strength of the dollar brought renewed pressure *to bear on the recently depressed* bullion price and prompted widespread losses throughout the South African sectors of mining *markets.*

Bullion lost ground throughout the session and settled a net $3.5 easier at $305.5 an ounce —*its lowest level since early*-June 1982.

Gold share prices consequently fell away, with a decline in the *Rand against the dollar* prompting persistent small selling from Johannesburg sources. The absence of any Continental support — Swiss dealers did *not* operate yesterday — and late selling pressure from the U.S. caused a further downward *reaction after-hours.* Prices settled around the day's lowest levels, leaving the Gold Mines index 5.6 down at 473.3.

South African Financials mirrored Golds and staged a broad retreat but the UK-registered issues attracted a fair amount of *interest. Charter Consolidated*, a strong market since Minorco/Anglo American/De Beers announced an increase in their shareholdings, rose to 211p before easing back to close a net 2 firmer at 207p.

Traded Options began the New Year in fine fettle. Total contracts struck amounted to 6,662 —comprising 5,538 calls and 1,124 puts. Once again, operators centred their attentions largely on two stocks. British Telecom recorded 2,064 calls, 526 in the February 100's and 827 in the May 110's, and 342 puts. Jaguar were also *lively* with 1,053 calls transacted, 418 of which were done in the June 240's.

FINANCIAL TIMES STOCK INDICES

	Jan. 2	Dec. 31	Dec. 28	Dec. 27	Dec. 24	Dec. 21	year ago
Government Secs.	81.21	81.71	81.68	81.86	82.02	81.96	83.19
Fixed Interest	85.27	85.35	85.34	85.35	85.61	85.56	86.46
Ordinary	940.4	952.3	945.2	929.0	926.0	924.3	770.3
Gold Mines	473.3	478.9	474.1	478.6	477.7	469.1	553.9
Ord. Div. Yield	4.57	4.53	4.56	4.63	4.65	4.65	4.61
Earnings, Yld.% (full)	11.63	11.51	11.60	11.77	11.82	11.83	9.43
P/E Ratio (net) (*)	10.52	10.43	10.35	10.20	10.16	10.15	12.92
Total bargains (Est.)	19,243	17,323	14,111	12,091	—	29,518	17,725
Equity turnover £m.	—	245.69	189.39	116.7	259.3	474.75	205.63
Equity bargains	—	18,264	14,810	9,598	9,885	23,421	17,863
Shares traded (ml)	—	131.0	115.9	69.2	141.6	238.5	135.3

10 am 948.4. 11 am 946.4. Noon 945.8. 1 pm 945.4.
2 pm 945.4. 3 pm 944.5

Basis 100 Govt Secs. 15/1/28. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=9.98.

HIGHS AND LOWS

—	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	85.77 (9/1/84)	75.72 (30/7/84)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/5/84)	80.43 (30/7/84)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	952.3 (31/12/84)	755.3 (25/7/84)	952.3 (31/12/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/5/84)	452.2 (18/12/84)	734.7 (15/2/83)	43.5 (28/10/71)

S.E. ACTIVITY

	Dec. 31	Dec. 28
Daily		
Gilt Edged Bargains	80.5	85.7
Equities Bargains	118.3	96.0
Value	496.6	382.8
5-day Average		
Gilt Edged Bargains	81.9	92.8
Equities Bargains	98.5	108.3
Value	519.8	614.8

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec 17	Jan 4	Mar 21	Apr 1
Jan 7	Jan 18	Apr 11	Apr 22
Jan 21	Feb 1	Apr 25	May 7

For rate indications see end of Share Information Service

Stocks favoured for the call included Elbief, Peek Holdings, Espley Trust, Mills and Allen, Bestwood, Midland Bank, Petranol, C. H. Bailey, Falcon Resources, Bristol Oil and Minerals, Sterling Guarantee Trust, Raybeck, Coronation Syndicate, Amstrad Consumer Electronics, Combined Technologies and Strong and Fisher. A put was done in Aberfoyle. No doubles were reported.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Barclays	563	− 2
Bowater Inds	215	—
Brown (Matthew)	298	+18
Debenhams	209	− 6
Evode	120	+10
GUS "A"	693	−14
Hanson Trust	333	− 9
Hepworth (J.)	176	−10
Jaguar	256	+ 1
Man. Ship Canal	230	+24
Midland Bank	345	−28
Tottenham Hotspur	76	+ 2

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Brown (M.)	24	280	−30
Thorn EMI	20	484	+17
Hepworth (J.)	14	186	+12
Guinness (A.)	13	244	+13
Hanson Trust	13	342	—
Brit. Telecom.	12	105½	+ 2
Pilkington Bros	12	303xd	+12
Tomkins (F H) 9¼pc Conv.	11	£138	—
BTR	10	614	+ 8
Shell Transport	10	655	+ 8
Argyll Group	9	271	+ 6
BP	9	487	− 1
Lucas Inds.	9	254	+ 6
Utd. Scientific	9	255	+13
8¼pc Conv.	11	£138	—

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	0	100	4
Corpns. Dom. and Foreign Bonds	6	26	41
Industrials	288	285	857
Financial and Prop.	88	66	391
Oils	42	50	35
Plantations	3	4	10
Mines	23	22	132
Others	127	31	66
Totals	577	584	1,536

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

No.		Wed Jan 2 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Mon Dec 31 Index No.	Fri Dec 28 Index No.	Thur Dec 27 Index No.	Mon Dec 24 Index No.	Year ago (approx.) Index No.
66	Insurance (Composite) (7)	311.03	−0.2	—	6.00	—	311.51	310.71	[illegible]	310.14	[illegible]
67	Insurance (Brokers) (6)	1023.35	−0.7	7.52	3.98	18.43	1030.62	1026.67	1024.31	1022.52	671.11
68	Merchant Banks (12)	220.99	−0.6	—	4.72	—	222.22	223.72	220.08	218.53	243.20
69	Property (53)	640.43	—	5.31	3.58	25.09	640.46	640.12	638.75	638.80	548.10
70	Other Financial (25)	271.17	−1.2	9.85	5.72	12.36	274.49	273.34	269.83	268.98	260.19
71	Investment Trusts (105)	570.93	−0.1	—	3.40	—	571.33	568.11	565.39	565.06	483.32
81	Mining Finance (4)	275.45	+0.6	10.72	5.58	11.83	273.85	272.17	272.32	271.00	277.81
91	Overseas Traders (14)	624.86	−0.1	9.38	6.22	13.04	625.38	623.66	617.81	614.63	509.12
99	ALL-SHARE INDEX (741)	588.57	−0.7	—	4.45	—	592.94	589.74	582.83	580.86	470.89

	Index No.	Day's Change	Day's High	Day's Low		Mon Dec 31	Fri Dec 28	Thur Dec 27	Mon Dec 24
FT-SE 100 SHARE INDEX	1220.0	−12.2	1230.4	1220.0	—	1232.2	1225.6	1210.9	1205.2

FIXED INTEREST

	PRICE INDICES	Wed Jan 2	Day's change %	Mon Dec 31	xd adj. today	xd adj. 1984-85 to date
	British Government					
1	5 years	117.25	−0.42	117.74	—	0.00
2	5-15 years	128.22	−0.59	128.98	—	0.00
3	Over 15 years	134.62	−0.65	135.51	—	0.00
4	Irredeemables	147.52	−0.53	148.31	—	0.00
5	All stocks	127.12	−0.54	127.81	—	0.00
6	Debentures & Loans					
7	Preference					
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	109.50	−0.10	109.61	—	2.88

	AVERAGE GROSS REDEMPTION YIELDS		Wed Jan 2	Mon Dec 31	Year ago (approx.)
	British Government				
1	Low	5 years	10.80	10.65	9.36
2	Coupons	15 years	10.58	10.58	9.99
3		25 years	10.13	10.03	9.73
4	Medium	5 years	11.47	11.29	10.90
5	Coupons	15 years	11.02	10.92	10.55
6		25 years	10.39	10.31	10.00
7	High	5 years	11.52	11.38	11.07
8	Coupons	15 years	11.17	11.07	10.74
9		25 years	10.49	10.40	10.10
10	Irredeemables†		9.96	9.90	9.71
11	Debs &	5 years			11.52
12	Loans	15 years			11.56
13		25 years			11.60
14	Preference†				12.30
15	Inflation rate	5%	3.35	3.34	3.16
16		10%	3.17	3.16	2.99

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

MONTHLY AVERAGES OF STOCK INDICES

	December	November	October	September
Financial Times				
Government Securities	82.59	82.89	80.60	80.01
Fixed Interest	85.87	85.83	84.37	83.26
Ordinary	929.6	912.7	865.1	859.3
Gold Mines	505.9	554.5	549.5	635.5
Total Bargains	24,715	20,525	19,166	16,876
F.T.— Actuaries				
Industrial Group	593.11	560.77	532.45	521.24
500 Share	633.01	603.86	576.39	570.60
Financial Group	425.05	407.16	396.60	387.97
All-Share	577.74	553.28	532.53	524.38
FT-SE 100	1202.5	1159.4	1128.7	1112.4

	December High	December Low
Ordinary	952.3 (31st)	908.4 (6th)
All-Share	592.94 (31st)	564.55 (6th)
FT-SE100	1232.2 (31st)	1175.8 (6th)

†Corrected

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$325	2	5.10	—	—	—	—	$305.80
GOLD C	$350	3	2	3	5.10	—	—	"
GOLD P	$280	25	3	—	—	14	7	"
GOLD P	$300	15	6.50	15	10	6	12	"

TOTAL VOLUME IN CONTRACTS: 26,464.

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price £	+ or −
¶¶	F.P.	—	76p	76p	Do. 6.35% Cm. Rd. PF. '91-96	76p	.....
¶¶	F.P.	—	88p	86p	Do. 7.75% Cm. Pd. PF. '92-97	88p	.....
100	F.P.	24/1	100¼	98½	Sun'ld & Sth. Shields 11⅛% Deb. 2005	98½	−½
1.976	£20	27/3	24⅞	18⅜	Sweden 11% Ln. 2012	22⅛	−¾
¶¶	F.P.	—	115p	112p	✠Tech. for Bus. 7% Cum. Cv. Rd. Pf.	115p	.....
¶¶	F.P.	—	140	125	Tomkins (F. H.) 9¼% Cnv. Ln. '94	140	+2

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price	+ or −
5	F.P.	14/12	6	5½	Amalgamated Estates 5p	5½	.....
80	F.P.	16/1	85	80	Attwoods	86	+3
64	Nil	—	9pm	5pm	Bairstow Eves 5p	9pm	.....
175	Nil	—	40pm	40pm	Birmingham Mint	40pm	.....
60	Nil	—	52pm	45pm	Burgess Prods.	52pm	+4
485	Nil	—	155pm	143pm	Carlton Comms.	150pm	−5
85	Nil	—	26pm	14pm	Carr's Milling	26pm	.....
50	Nil	—	11pm	5pm	Dura Mill 2½p	11pm	+6
143	F.P.	30/1	172	162	Equipu	162	.....
30	F.P.	11/1	34½	31	Jacks (Wm)	32	.....
80	Nil	—	20pm	18pm	LCP Hldgs.	18pm	−1
185	F.P.	18/1	228	218	Marshalls Halifax	228	+8
24	Nil	—	1½pm	½pm	✠Morris (W.) Fine Arts 20p.	½pm	−1
115	Nil	—	33pm	28pm	Notts. Brick	32pm	−1
255	Nil	—	53pm	45pm	Pilkington Bros. £1	53pm	+5
32	Nil	—	3pm	1pm	✠Steaua Romana R/V	1½pm	.....
5	Nil	30/1	3½pm	1¼pm	Tranwood 5p	3½pm	.....
850cts	Nil	-	67½pm	67½pm	Westpac $A1	65pm	−6

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▮ Allotment letters or fully-paid. ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Ptg. share.

NEW HIGHS AND LOWS FOR 1984/85

NEW HIGHS (188)

AMERICANS (47)
CANADIANS (8)
BANKS (2)
BREWERS (1)
BUILDINGS (3)
CHEMICALS (4)
STORES (6)
ELECTRICALS (5)
ENGINEERING (12)
FOODS (10)
HOTELS (13)
INDUSTRIALS (32)
INSURANCE (11)
LEISURE (4)
MOTORS (3)
NEWSPAPERS (1)
PAPER (7)
PROPERTY (4)
SHIPPING (1)
TEXTILES (3)
TOBACCOS (1)
TRUSTS (18)
OILS (1)
PLANTATIONS (1)

NEW LOWS (19)

BRITISH FUNDS (2)
Exchqr. 9¼pc 1998 A (£60 paid) Treas. 15pc 1985
CANADIANS (1)
Pecos Resources
ELECTRICALS (3)
Kode Internatl. Wordplex Inform. Microvitec
INDUSTRIALS (6)
Cont. Stationery Star Computer Morris (W) F. Arts Vinten Silentnight Oy Wartsila AB
MOTORS (1)
Plaxtons (G. B.)
PAPER (1)
Hoggett Bowers
SOUTH AFRICANS (1)
Messina
TRUSTS (1)
Yorkgreen Invs.
OILS (1)
Firstland Oil & Gas
MINES (2)
St. Helena Lydenburg Plat.

LONDON TRADED OPTIONS

Option		CALLS Jan.	CALLS Apr.	CALLS Jly.	PUTS Jan.	PUTS Apr.	PUTS Jly.
B.P. (*480)	390	95	100	—	1	3	—
	420	65	72	—	1½	5	—
	460	35	38	47	5	16	25
	500	6½	18	25	30	40	47
	550	2	10	—	72	77	—
Cons. Gold (*484)	460	35	45	55	5	14	21
	500	10	24	35	25		
	550	2½	10	18	70		
	600	1	—	—	120		
	650	1	—	—	170		
Courtaulds (*127)	110	19	21	23	1		
	120	9	14	17	3		
	130	3	10	12	6½		
	140	1	3¼	7	15		
	160	1	—	—	34		

Option		CALLS Feb.	CALLS May.	CALLS Aug.	PUTS Feb.	PUTS May.	PUTS Aug.
Imperial Gp. (*176)	140	39	43	—	1	3	—
	160	20	24½	27	2½	5	8
	180	7	10	14	11	13	16
LASMO (*318)	280	42	—	—	5	—	—
	300	27	40	47	6	13	17
	330	17	27	35	22	33	38
	360	6	18	25	47	52	57

Jan. 2. Total contracts 6,662. Calls 5,538. Puts 1,124.
*Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

Prices on these pages are for trading on December 31. We regret figures for yesterday were not available for this edition due to a computer failure.

BRITISH FUNDS

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
105¼	100	Treas. 15pc 1985	100		14.91	9.89
107¾	100	Exch. 12pc Cnv '85	100½		11.94	9.50
97	93	Treas 3pc 1985	97		3.08	9.98
102	99½	Treas 11½pc 1985	100	−	11.41	10.02
99¼	96	Treas 8¼pcCnv '85	99		8.83	10.16
104	99¾	Exch 12¼pc 1985	101		12.05	10.16
105	99	Exch. 11¾pc '86	101¼		11.61	10.46
102	96	Treas. 10pcCnv 1986	99⅝	−	10.06	10.50
93	86¼	Treas 3pc 1986	93	+	3.22	8.36
102	96¼	Exch. 10½pc Cv '86	99	−	10.55	10.55
104	99	Treas 12pc 1986	101⅝	−	11.81	10.74
98¼	93½	Treas 8½pc 1984-86	97	+	8.75	10.61
108	102	Exch. 14pc 1986	105¼	−	13.32	10.76
89	85	Exch. 2½pc 1986	88¾	+	2.81	9.94
107	100	Exch 13¼pc 1987	104	−	12.70	10.87
100⅞	94½	Treas 10¼pcCv '87	98⅝	−	10.39	10.95
87¼	83¼	Exch 2½pc 1987	86		2.89	9.56
101	94½	Exch. 10½pc 1987	99		10.59	10.89
92	87	Funding 6½pc '85-87	91	+	7.10	10.68
99	92¾	Treas 10pc 1987	98		10.19	10.86
86	81	Treas 3pc 1987	85	−	3.51	9.61
105	97¼	Treas 12pc 1987	102	−	11.73	11.00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for April, 1984: 344.7 and for November, 1984: 358.6.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

1984 High	Low	Stock	Price £	+ or −	Div. Gross	Cvr	Y'ld Gr's
38⅞	26⅞	Abbott Labs.$1	[illegible]				
24⅞	11⅞	Ahmanson (H.F.)	[illegible]				
34¼	22⅛	Alcoa $1	[illegible]				
39½	21⅞	Allied Corp $1	[illegible]				
18⅞	13⅛	Amax $1	[illegible]				
12⅞	731p	Amdahl 5c	[illegible]				
47¼	29⅞	Amer. Cyanamid	[illegible]				
32⅞	10⅞	Amer. Express $0.60	[illegible]				
20¼	14½	Amer. Medical Int $1	[illegible]				
32¼	20⅝	Amer. Nat. Res. $1	[illegible]				
16⅞	10⅞	American T. & T. $1	[illegible]				
66¼	43¼	Ameritech $1	[illegible]				
21½	15½	Amfac	[illegible]				
30½	16½	Arvid Tech	[illegible]				
16¼	10¾	Bankamerica $1	[illegible]				
49½	27½	Bankers N.Y. $10	[illegible]				
12¼	865p	Basix Corp.	[illegible]				
70⅞	46⅞	Bell Atlantic $1	[illegible]				
30¼	19½	Bellsouth $1	[illegible]				
20⅞	12	Beth Steel $8	[illegible]				
20¼	11⅞	Bowater Inc	[illegible]				
32¼	19⅞	Brown'g-Fer 16⅔c	[illegible]				
28¼	16⅞	Brunswick Corpn $	[illegible]				
875p	405p	Business Computer	[illegible]				
35⅛	24¼	CPC Intnl 25c	[illegible]				
20⅞	14½	CSX Corp U.S.$1.00	[illegible]				
14¼	10⅞	CalFed Inc $1.00	[illegible]				
61½	39⅞	Campbell Soup 60c	[illegible]				
36½	24¼	Caterpillar Tractor$	[illegible]				
12⅞	643p	Cenergy Corp. 25c	[illegible]				
41⅞	27¼	Chase M'htn $12.5	[illegible]				
30	17⅞	Chemical New York	[illegible]				
31¼	22⅞	Chesebrough-Pond's $1	[illegible]				
27½	15½	Chrysler $6¼	[illegible]				
33⅞	19⅞	Citicorp $4	[illegible]				
34⅞	21⅞	City Inv. $1.25	[illegible]				
22½	14⅝	Colgate-P. $1	[illegible]				
44⅞	35¼	Colt Inds. $1	[illegible]				
29	17	Cons. Foods $1⅓	[illegible]				
[illegible]	[illegible]	[illegible]	[illegible]				

CANADIANS

[illegible]

BANKS, HP AND LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا اصله الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

[illegible]

OPTIONS — 3-month call rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 15

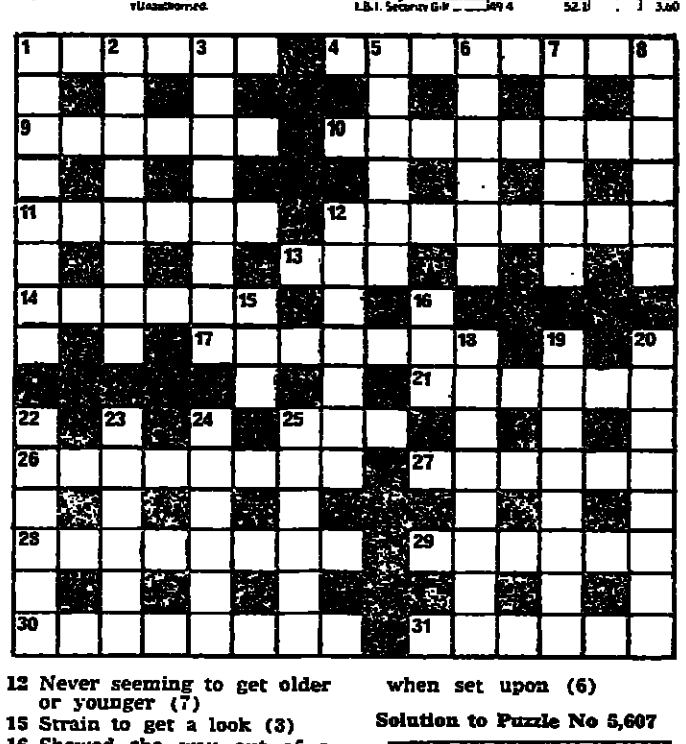
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,608



ACROSS

1 Keep many in class (6)
4 and 10 across: Calculating rules, perhaps (8, 8)
9 Give way concerning a fast time (6)
10 See 4 across
11 Destroy a one-sided listener with charm (6)
12 Put out an account with wrong rebate (8)
13 Get on with some notes (3)
14 Variation in game puzzles people (6)
17 Produced admitted superiority (7)
21 Objects about Eastern drums (6)
25 A point-top-point animal (3)
26 The weather required for electric fires (8)
27 About eleven, come round in a state (6)
28 Censorious to a dangerous degree? (8)
29 Loose draft I put in order (6)
30 Larks in a strange land (3, 5)
31 Loved action and colour (6)

DOWN

1 Rounded up but not rounded off (8)
2 Dressing a boy buried in the earth (5, 3)
3 Wartime women trained to drill (4, 4)
5 Shade of a nun seen round a religious establishment (6)
6 What the unsatisfied audience may shout (6)
7 Put in charge again (6)
8 Bound to be cruelly treated (8)
12 Never seeming to get older or younger (7)
15 Strain to get a look (3)
16 Showed the way out of a little difficulty (3)
18 Played back? (8)
19 New rifle is socially acceptable for an infantryman (8)
20 Various designs to a dress (8)
22 Fights to protect one's property (6)
23 I am after a doctor for a prominent Italian family (6)
24 Tear in distress, in one's eye (6)
25 Change direction at first when set upon (6)

Solution to Puzzle No 5,607

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
The Money Market Trust				
63 Qn Victoria St, EC46 4ST. 01-236 0952				
Call Fund	9.02	9.23	6mth	Call
7-day Fund	9.11	9.31	6mth	7-day
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fund	8.77	8.95	6mth	Call
7-day Fund	*8.93*	*9.12*	*6mth*	*Call*
Mny Mg Ac	8.75	9.04	6mth	Call
Dollar	7.25	7.38	6mth	2-day

Money Market Bank Accounts

	Nom	Apr	Int Cr	Notice
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
TreasuryAcc	9.375	9.71	Qtr	Call
MthIntChq	9.25	9.65	Mth	Call
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	*9.25*	*9.65*	*Mth*	*Call*
Barclays Prime Account				
PO Box 125, Northampton. 0604 252891				
High Int Chq	9.25	9.57	Qtr	Call
Britannia Grp of Investment Companies				
29 Finsbury Circ, EC2M 5QL. 01-555 2777				
Cater Allen	9.00	9.38	Mth	Call
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	9.25	9.652	Mth	Call
U.S. Dollar	8.00	8.399	Mth	Call
German Marks	5.0	5.116	Mth	Call
Swiss Francs	*2.0*	*2.018*	*Mth*	*Call*
Japanese Yen	5.0	5.116	Mth	Call
Co-operative Bank				
78-80 Cornhill, EC3. 01-626 6543 Ext 465				
Under £1,000	8.00	8.24	Qtr	Call
Over £1,000	10.00	10.38	Qtr	Call
Dartington & Co Ltd				
Dartington, Totnes, Devon, TQ9 6JE. 0803 862271				
MnyMktAcc	9.50	9.84	Qtr	Call
Henderson/Bank of Scotland				
38 Threadneedle St, EC2. 01-628 8060				
MyMtChqAc	*9.25*	*9.65*	*Mth*	*Call*
Lombard North Central plc				
17 Bruton St, W1A 3DH. 01-409 3434				
Notice Dep	9.75	10.12	Ret	14-day
M & G Kleinwort Benson				
91-99 New London Rd, Chelmsford. 0245 51651				
HighIntChqAc	9.30	9.74	Daily	Call
Midland Bank plc				
PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	9.30	9.62	Qtr	Call
Provincial Trust (formerly Choulartons)				
30 Ashley Rd, Altrincham, Cheshire, WA1 2DW. 061-928 9011				
Cheque Acc	9.25	9.65	Mth	Call
Save & Prosper/Robert Fleming				
28 Western Rd, Romford, RM1 3LB. 0708 66966				
HighIntMkAc	9.00	9.41	Daily	Call
Premier Acc	9.00	9.41	Daily	Call
Tyndall & Co				
29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
Demand Acc	8.97	9.27	Qtr	Call
Money Acc	*9.25*	*9.57*	*Qtr*	*Chq/7*
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth. 0705 827733				
Special Acc	8.65	9.21	Mth	Call
Over £10,000	9.10	9.48	Mth	Call

NOTES—Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered prices include all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ≠ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. Φ Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

BNOC hard pressed by oil price drift

BY ANDREW GOWERS

SPOT PRICES of North Sea oil continued to drift downwards yesterday, further increasing the pressure on the British National Oil Corporation to cut its official selling price.

Brent crude for loading this month was quoted at $26.45-$26.50 a barrel, 15 cents a barrel down on the day and well below BNOC's official price of $28.65. The market was, however, very quiet, and oil companies said it had yet to shake off holiday lethargy.

There was no sign of an imminent decision by Britain or Norway on their official prices. Although BNOC sent telexes to its customers before Christmas saying it would review prices in the New Year, neither it nor Statoil, its Norwegian counterpart, seems in any hurry to move.

Britain said earlier this week that it would assess market reaction to last week's attempts by the Organisation of Petroleum Exporting Countries (Opec) to shore up its own pricing structure before making any decision. This is being interpreted in the market as a tactical effort to avoid provoking Opec into an all-out price war, as threatened by Saudi Arabia.

Statoil, which has yet to decide on a price for oil sold in December, said yesterday that it did not expect to make a decision for another two weeks, following consultations with its customers and with the Government.

Both the British and the Norwegians are plainly hoping that prices will not collapse before Opec ministers meet again in Geneva towards the end of January to review last week's agreement on narrowing the differential between light and heavy crudes.

On the New York Mercantile Exchange, meanwhile, prices of petroleum futures dropped sharply in early trading, falling below $26 a barrel at one point. This was the first time that the price breached this level for several years.

"There's no real aggressive selling, just an orderly decline in the absence of bullish fundamentals," said Mr Michael Marks of Nymex.

Jamaica lifts output of bauxite

By Canute James in Kingston

JAMAICA's bauxite output reached 8.57m tonnes last year, an 11.5 increase on 1983, according to the Jamaica Bauxite Institute, a state agency which monitors the industry.

The recovery ends a slide which started in 1980, when 12m tonnes were produced. The island still maintains its position as the world's third largest producer, after Australia and Guinea.

The bauxite institute said, however, that last year growth was the result of increased final shipments by a subsidiary of Reynolds Metals, which is ending mining in the island, and shipments to the United States to meet an agreement to supply the U.S. strategic mineral stockpile.

Output was improved also by a shipment of 800,000 tonnes to the Soviet Union to fulfil a contract for 7m tonnes of ore over a seven-year period. There was, however, a fall in refining during the year, which slid to 1.69m tonnes, 11.6 per cent below 1983.

● INDIA'S tea exports in 1985 will not be less than the 1984 export ceiling of 215m kilos, Mr R. K. Tripathy, acting chairman of the state-run Tea Board said. The tea crop is expected to rise to 650m kilos this year from an estimated 630m in 1984 and it will not be necessary to fix exports at a lower level than last year, he said.

● AUSTRALIA'S 1984/85 wheat harvest (Nov/Feb) is nearly complete after a good, hot and dry harvest season in most wheat areas, the Australian Wheat Board said. It received 14.37m tonnes by the last week of December out of expected receivals of 17.15m tonnes. The receivals forecast implies a crop of about 18m tonnes after allowing for grain retained on farm for feed and seed.

● MALAYSIA has cut the export duty on crude palm oil (cpo) to 388.99 ringgit per tonne from 389.86, but the duty on processed palm oil was raised to 424.62 ringgit from 417.96.

Brazil keen to boost coffee sales

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE BRAZILIAN Coffee Institute (IBC) has been taking a highly pragmatic, not to say conciliatory, attitude towards the international market for the past two months under new, possibly temporary, management.

"We shall follow the market, not push the price above the market level," says Sr Mauro Malta, export director of the IBC. "We want to sell coffee and be very competitive."

He speaks from a position of strength. Brazil, the heavyweight among the world's coffee producers, has seen its overall sales rise markedly this past year in both volume and value.

In the 12 months to the end of November, the IBC says it exported 19.8m bags, a figure expected to rise to 20m bags (of 60 kg each) in the 1984 calendar year. Sales to non-member countries of the International Coffee Organisation (ICO), sold at a heavy discount, have done particularly well.

According to Sr Malta, these sales amounted to 2.8m bags in the year to the end of September. But brokers in Rio de Janeiro say the final figure could be well over 3m bags — nearly double 1983 sales.

Curbing sales to non-members was one of the promises made by the producers at the annual meeting of the ICO in London in September. To discuss this goal, to be achieved through small, staged rises in export prices, coffee industry leaders from Brazil, Colombia, Mexico and the Central American countries met last month in Mexico.

What was achieved was apparently very modest: prices are to be pushed up "a little" and information on sales to non-ICO members is to be shared by the participating countries. "The outcome was satisfactory. People got what they were looking for," said Sr Malta.

Whether this will be sufficient to slow the considerable flow of coffee now going through the back-door from non-members to the major western consumer countries looks unlikely. Sr Malta was talkative on this point. He blamed the ICO's failure to police the agreement effectively and named Holland and West Germany as the main guilty importers.

"This coffee can destroy the ICO," he warned. The IBC's aim is to gradually nudge the free market price up to the 120 cents a pound floor set in September by the ICO participants in London. But given the pressures to sell, he tacitly acknowledged that the goal may not be realistic.

The IBC recently cuts its contribution quota—a form of export tax—by $10 a bag, to $68. But for most international consumers this made no difference to their purchasing price as the internal price simultaneously rose by an equivalent amount.

In an effort to bolster the price to non-members—the difference is currently around $60 a bag—Brazil recently suspended shipments to those countres. The suspension was lifted just before Christmas.

Meetings between the IBC and European and U.S. roasters were recently held, simultaneously, in Hamburg and New York, to discuss 1985 contracts.

Brazil's own ICO quota for the current crop year was recently reduced by 350,000 bags to just under 17m bags as part of the global reduction of 1m bags bringing the global quota down to 60m bags, virtually the same as the final figure achieved the 1983-84 season.

But, in the opinion of Sr Malta, it is still 1m bags above the level needed to balance supply and demand. Brazil is thus looking for a further cut of this amount in the first quarter of 1985.

Moderation and pragmatism are clearly the latest watchwords at the IBC's headquarters in Rio de Janeiro. Whether this will last is hard to say, as changes in both policies and personalities are widely expected after March, when the new civilian government takes office.

Nickel and tin values rise sharply

By John Edwards, Commodities Editor

NICKEL AND tin prices rose to record levels on the London Metal Exchange yesterday boosted by the fall in the value of sterling against the dollar.

The three months quotation for nickel rose by £35 to £4,217.5 a tonne, while the cash price agined £52.5 to £4,180. Three months standard grade tin gained £27.5 to £9,950 a tonne but it was noted that the rise failed to reflect the full drop in the value of sterling, widening the discount in London values compared with those in Malaysia.

Other London base metal prices were also pushed up by sterling. Cash lead continued to fluctuate violently gaining £20.5 to £361 a tonne as the shortage of immediately available supplies persisted.

However, an easing in the recent tightness of spot supplies brought a small fall in the cash price of higher grade copper putting it back below the three months quotation, which closed marginally up. Weaker sterling, and reports of Chinese buying interest, boosted copper values in early trading, but the market lost ground when New York opened on an easier note.

Reuter reported from Peking that China cut its metal exports and boosted imports during the first three quarters of 1984, according to latest customs figures.

Purchases of copper and zinc were down compared with the previous year but remained at high levels. Copper imports were 148,627 tonnes after 278,604 in the 1983 period and zinc 131,980 compared with 181,801.

Aluminium imports rose 26 per cent to 199,789 tonnes, purchases of iron ore increased 58 per cent to 3.91m tonnes and chronium ore rose slightly to 217,390 from 207,431 tonnes.

China's tin sales fell by nearly half to 1,805 tonnes from 3,057, while 43 tonnes of tungsten were exported, a drop from 48 tonnes on the same 1983 period.

More silver mined

BY NANCY DUNNE IN WASHINGTON

WORLD mine production of silver is estimated to have increased almost 2 per cent last year to 408.3m ounces compared with 402.2m ounces in 1983, according to the U.S. Silver Institute. At the same time, the U.S. Bureau of Mines is reporting declining American consumption.

In the third quarter of last year, U.S. silver usage was estimated at 27m ounces, down 12 per cent from the same period a year ago. For the first nine months, usage was off 1.5 per cent from the comparable period in 1983.

Photographic materials, which make up the largest category of silver consumption, were off 1.8m ounces or 15 per cent in the third quarter, although the sector was up 4.5 per cent for the entire nine months. With the exception of electro-plated ware, all major categories of silver use declined or remained stagnant in the third quarter.

Meanwhile, net imports during the first nine months of last year plummeted to about 62m ounces below the same period a year ago.

From new mine production, scrap recovery and net imports, the total amount of silver available to the U.S. industry was 120m ounces during the first nine months of 1984. With industrial consumption at only 88m ounces, about 32m ounces were accumulated in private domestic holdings. Stocks are now bulging with an accumulation in inventories over the last 33 months in the U.S. now amounting to 164m ounces

Israelis plant vegetables in fertile Caribbean soil

MUCH OF the horticultural produce Britain consumes during the winter comes from Israel. Yet even in that land of sun and warmth there are times of the year when output is stopped by cold and frost.

Soon, however, Israeli producers will be sending fruit and vegetables to the UK right around the calendar. They are preparing to do so by going outside their own country to farm in one where the climate permits plants to grow every day of the year—Jamaica.

Next month Israel will start air-freighting regular consignments to Britain from its new horticultural partner in the Caribbean, beginning with the galia melon. Paw-paws and mangoes will arrive in midwinter, and after courgettes from Israel itself are finished for the season they will be followed by others grown on the Clarendon Plain, 35 miles West of Kingston, the Jamaican capital.

Three years ago the plain was covered with scrub. Early in 1982, Mr Eli Tisona, who had made a fortune in Israel, from hamburgers, was visiting Florida when on television he saw pictures of President Reagan touring Jamaica. The programme said Jamaica wanted investment, and Tisona was looking for somewhere to invest. So he went to see Mr P. G. Seaga, the Jamaican Prime Minister, and the result was an agreement between two of the world's smallest countries. A company has been formed, belonging 60 per cent to Tisona and associates and 40 per cent to the Jamaican Government.

Not only does Jamaica possess a climate in which crops can be grown all the year without the need for expensive artificial heating, but its wages are much lower than Israel's. The island's marketing arrangements with the EEC are such that no external tariff applies to what it sends here. Nor, unlike Israel, is it short of water.

More than 5,000 acres of the plain's red-brown earth have been cleared of jungle and ploughed into furrows yielding an array of produce including tomatoes, melons, cucumbers, peppers and flowers.

The farm, using a drip-irrigation system developed on Israeli kibbutzim and much other advanced know-how, is regarded in Jamaica as something of a technological wonder. It has achieved yields in some cases double those the local experts had thought possible. Manpower resources on the farm consist of 1,600 Jamaican labourers and 32 Israeli specialists.

An idea of the project's scope can be gained from the fact that whereas in 1980 the value of all Jamaica's agricultural exports was only $2m, Israel's pilot consignments from there to Britain last year were already worth $600,000. When deliveries start to become commercial from next year, those figures will be dwarfed.

The 5,000 acres now being brought into production are just the start. Prime Minister Seaga, who took office in 1980, has set out to reverse the decline in the island's agriculture of the previous decade, during which the bauxite industry, temporarily booming, diverted attention from farming.

Last year, Jamaica shipped out only 23,000 tonnes of bananas compared with about 300,000 tonnes a year in the sixties. Mr Seaga aims to bring under cultivation some 240,000 acres of land now idle or underutilised.

Besides directly boosting the island's employment and income, the project is serving as an example to local farmers, many of whom subsist on plots of 10 acres or less, and to whom instruction and technology will be provided. Tisona will buy their crops at guaranteed prices and handle them through this packing-house, which, occupying 1½ acres of the farm, is among the most advanced in the world.

LONDON MARKETS

COFFEE prices moved up strongly on the London futures market yesterday in what dealers saw mainly as a reaction against an overdone decline on Monday. The March position, which fell £25 on New Year's Eve, ended £53 up on the day at £2,289 a tonne, helped, according to trade reports, by aggressive buying from a commission house whose selling on Monday had been largely responsible for that day's decline. The continued weakness of sterling was also quoted as an influence in yesterday's advance.

The London daily sugar price moved $4 higher to $98 a tonne as the world market continued to consolidate after last week's fall to 14-year lows. Futures prices ended the day a little higher although there were no fresh bullish factors influencing the market.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

	Jan. 2 1985	+ or —	Month ago
METALS			
Aluminium	£1100		£1100
Free Mkt.	$1085/1125	—12.5	$1175/1205
Copper			
Cash h Grade	£1036.5	—3.5	£1096.5
3 mths	£1142.25	+3.25	£1114.25
Gold troy oz	$305.5	—3.5	$332
Lead Cash	£361.5	+20.5	£333.5
3 mths	£333.5	+7	£329.75
Nickel	£5967		£5967
Free Mkt.	215/245c		212/232c
Palladium oz.	$124.0		$139.50
Platinum oz	$283.25		$320.50
Quicksilver†	$300/310		$295/305
Silver troy oz	546.55p	+4.00	588.25p
3 mths	559.35p	+4.85	601.80p
Tin cash	£9980	+14.5	£9846
3 mths	£9960	+27.5	£9807.5
Tungsten	$83.61		$83.34
Wolfram 22 04lb	$70/74	—3	$76/77
Zinc	£691	+8.5	£638.5
3 mths	£686.25	+9.75	£640.5
Producers	$900		$900

	Jan. 2 1985	+ or —	Month ago
OILS			
Coconut (Phil)	$935y		$990
Palm Malayan	$585		$600
Seeds			
Copra Phil	$560y		$500
Soyabean (U.S.)	$239.5		$254.7
GRAINS			
Barley Fut. Mar	£113.45		£113.60
Maize	£146.50		£145.00
Wheat Fut. Mar	113.00		£113.85
No2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. May	£1885.5		£1848.5
Coffee Ft. Mar	£2289	+53	£2256.5
Cotton A index	‡		72.10c
Gas Oil Feb.	$215.7	+0.12	$231.5
Rubber (kilo)	63p		60.5p
Sugar (raw)	$98.00y	+4	$113
Woolt'ps 64s	494p kilo		483p

‡ Unquoted. y Jan. z Feb. y Jan-Feb. x Dec-Jan. † Per 75-lb flask. n Nominal. c Cents per pound.

INDICES

FINANCIAL TIMES

Dec. 31	Dec. 28	M'th ago	Year ago
289.64	292.07	289.77	296.34

(Base: July 1 1952 = 100)

REUTERS

Jan. 2	Dec. 31	M'th ago	Year ago
1919.2	1908.9	1885.3	1980.0

(Base: September 18 1931 = 100)

MOODY'S

Dec. 27	Dec. 19	M'th ago	Year ago
965.9	966.4	—	1404.2

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Dec. 27	Dec. 19	Month ago	Year ago
Spot	121.99	122.83	—	140.42
Fut	124.33	123.68	—	143.53

(Base: December 31 1974 = 100)

OIL

Activity in the spot crude oil market centred on Brent as traders sought to establish market levels after the break: prices slipped by about 10c. Nymex WTI opened around 30s down on Friday's close and at 1 pm EST was 45-47c down. Of the petroleum products only gas oil prices moved significantly, weakening as Opec remained indecisive and mild weather continued on the U.S. east coast — Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arab Light	27.80-27.90	—0.05
Arab Heavy	26.10-26.20	—0.10
Dubai	27.05-27.25	—0.05
Brent Blend	26.45-26.55	—0.20
W.T.I. (1pm est)	26.00-26.15*	—0.375
Forcados (Nigeria)	27.00-27.15	—0.075
Urals (cif NWE)	26.90-27.10	—0.45
PRODUCTS—North West Europe "cif" ($ per tonne)		
Premium gasoline	235-237	—
Gas Oil	213-216	—2.5
Heavy fuel oil	180-184	—

All January except * which is February.

Petroleum Argus Estimates

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1144.5-5	+5.25	1036-7	—3.5
3 months	1148.5-9.5	+10	1142-.5	+3.25
Settlem't	1145	+4.5	—	—
Cathodes				
Cash	1134.5	+11.5	1128-30	+6
3 months	1149-50	+11.5	1142-5	+5.5
Settlem't	1135	+15	—	—

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £1145, three months £1149, 49.5, 49, 48.5, 48, 48.5, 49. Cathodes: Cash £1131. Kerb: Three month £1151, 51.5. Afternoon: Higher Grade: Three months £1146.5, 46, 46.5, 47, 43, 42, 42.5, 43. Kerb: Three months £1143, 42, 41, 41.5, 42.

Turnover: 24,650 tonnes. U.S. producers: 63.00-67.00 cents per pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	10010-5	+15	9990-10000	—2.5
3 months	9965-75	+15	9960-70	+10
Settlem't	10015	+15	—	—
Standard				
Cash	9990-10000	+33.5	9975-85	+14.5
3 months	9959-61	+37.5	9945-55	+27.5
Settlem't	10000	+34	—	—
Straits E.	$29.15	—	—	—

Tin—Morning: Standard: Cash £10000, 9995, 10000. Three months £9965, 61. High grade: Cash £10015. Kerb: Three months £9970, 68. Afternoon: Standard: Three months £9960, 50, 55. Kerb: Three months £9950.

Turnover: 1,665 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	359-61	+19.5	360-2	+20.5
3 months	332-.5	+6.75	333-4	+7
Settlem't	361	+20	—	—

Lead—Morning: Cash £358, 57, 58, 59, 60, three months £333, 32. Kerb: Three months £333, 33.5. Afternoon: Three months £332, 31.5, 32, 33, 34, 33. Kerb: Three months £332.5, 33, 32.5, 32.

Turnover: 11,550 tonnes. U.S. spot: 20.00-26.00 cents per pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	694-5	+12	690-2	+8.5
3 months	686.5-7.5	+10.5	686-.5	+9.75
Settlem't	695	+12	—	—

Zinc. High grade official/unofficial prices: Cash am 735-45 pm 745-55. Three months am 720-30 pm 726-30. Settlement 745.

Zinc—Morning: Cash £695, 94, three months £685, 86, 86.5, 86. Kerb: Three months £688, 87.5, 87. Afternoon: Three months £687, 86.5, 86. Kerb: Three months £686, 86.5.

Turnover: 10,575 tonnes. U.S. Prime Western: 45.00-45.75 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	911.2	+11.7	907-8	+7.75
3 months	932-.5	+10	929-30	+7.25

Aluminium—Morning: Three months £928, 28.5, 29, 30, 32, 31, 31.5, 32. Kerb: Three months £933, 34. Afternoon: Three months £932, 31.5, 31, 28, 27.5, 30, 29.5, 29, 30, 29. Kerb: Three months £928, 29, 28, 27, 26.5.

Turnover: 17,025 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	4195-200	+70	4175-85	+52.5
3 months	4225-35	+47.5	4215-20	+35

Nickel—Morning: Three months £4230. Afternoon: Three months £4225, 30, 20. Kerb: Three months £4230, 20, 10, 4200.

Turnover: 456 tonnes.

GOLD

Gold continued to suffer from the strength of the dollar, losing $3½ on the London bullion market from Monday's finish, to close at $305¼-$305¾ yesterday. It opened at the day's high of $306¾-$307¼ and was fixed at $306¼ in the morning, and $305½ in the afternoon. The metal touched a low of $305-$305½.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
Jan.	—	—	—
Feb.	307.10	—	309.00-06.80
April	312.90	—	312.90-12.80

Turnover: 357 (730) lots of 100 troy ounces.

GOLD BULLION (fine ounce) Jan. 2

Close	$305¼-305¾	(£265½-266)
Opening	$306¾-307¼	(£266¼-266¾)
M'n'g fix.	$306.25	(£267.187)
Aft'n'n fix.	$305.50	(£266¼-.579)

GOLD AND PLATINUM COINS

Kr'g'r'nd.	$314½-315	(£274¼-274¾)
½ Krug.	$161½-163½	(£140¾-142½)
¼ Krug.	$82-84	(£71½-73¼)
1/10 Krug.	$33-35	(£28¾-30½)
Mapleleaf	$314½-315	(£274¼-274¾)
New Sov.	$72-72½	(£62¾-63¼)
½New Sov.	$42-44	(£36½-38¼)
Old Sov.	$72½-74	(£63-64¼)
$20 Eagle	$530-560	(£462-488¼)
Noble Plat	$291¼-295¼	(£254-257½)

SILVER

Silver was fixed 4p an ounce higher for spot delivery in the London bullion market yesterday at 546.55p. U.S. cent equivalents of the fixing levels were: spot 625c, down 3.8c; three-month 637.4c, down 3.5c; six-month 653.0c, down 2.6c; and 12-month 585c, down 2.2c. The metal opened at 543-546p (626-629c) and closed at 536-539p (616-619c).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	546.55p	+4.00	539.5p	—2
3 months	559.35p	+4.85	551.75p	—1.75
6 months	574.10p	+6.20	—	—
12 months	601.65p	+7.25	—	—

LME—(2,000 oz contract): Cash 539.5p (541.5p); three months 551.75p (553.5p). Turnover: 0 (0).

Turnover: 95 (12) lots of 10,000 oz. Morning: untraded. Afternoon: large 1st ring three months 553, 2nd ring three months 551.5. Kerb: untraded.

COCOA

Although opening £10 steadier, as due, futures failed to hold these levels and in thin trading eased to the previous closing levels, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1873-1874	+1.0	1886-1871
May	1885-1886	—	1895-1882
July	1890-1891	—2.0	1896-1888
Sept	1893-1896	+1.5	1900-1892
Dec	1843-1848	+3.0	1848-1844
Mar	1836-1840	—2.5	—
May	1830-1870	—	—

Sales: 2,086 (2,263) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for January 2: 95.16 (96.11): five-day average for January 3: 96.10 (96.41).

COFFEE

During a fairly active opening commission house buying fuelled a rise of £65 in spot January, reports Drexel Burnham Lambert. Weaker sterling provided support but values dipped slightly as the early buying gradually evaporated. Prices then remained steady and additional gains were posted in most contracts towards the close.

COFFEE	Yesterd'ys Close	+ or —	Business Done
January	2159-61	+67.0	2260-30
March	2288-90	+53.0	2298-66
May	2295-99	+32.0	2299-75
July	2293-94	+31.0	2293-75
Sept	2285-84	+27.5	2283-65
Nov.	2221-83	+22.0	2270-65
Jan	2270-80	+33.0	—

Sales: 3,763 (3,711) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for December 31: Comp. daily 1979 134.01 (134.13): 15-day average 133.69 (133.75).

GRAINS

The markets remained in a narrow range in typically dull post-holiday trading, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterd's close	+ or —
Jan.	109.90	+0.38	110.80	—0.10
Mar.	113.00	—	113.45	—0.05
May	116.80	+0.05	116.60	—0.10
July	118.70	—	—	—
Sept	98.00	—0.05	98.05	+0.05
Nov	101.25	—	101.35	—

Business done—Wheat: Jan 110.05-9.50, Mar 113.00-2.95, May 116.75 only, July untraded, Sept 98.00 only, Nov 101.25 only. Sales: 62 lots of 100 tonnes. Barley: Jan untraded, Mar 113.45 only, May 116.60 only, Sept 98.05-8.00, Nov 101.35 only. Sales: 28 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring no. 1 14 per cent Jan 170.85, trans-shipment east coast. US no 2 soft red winter Jan/Feb 154.50, Mar 154.25 dollars. English feed fob Mar 115.25 seller east coast, Sept 99 value. Maize: US no 3 yellow/French Dec/Jan 146.50 trans-shipment east coast. Rest unquoted.

PIGMEAT

Prices remained unchanged, with activity still affected by holiday closures, reports CCST Commodities.

Sales: 33 lots of 50 carcases, 3,250 kg.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Feb	112.50	112.50	113.20-112.50
April	111.30	111.30	112.00-111.10
June	108.70	108.30	109.00-108.80
Aug	104.00	103.20	104.80-105.40
Oct	112.00	111.50	—
Nov	112.30	111.60	—

POTATOES

The market was quiet and eased slightly lower in most positions, with many traders not returning until next week, reports Coley and Harper.

Month	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Feb	46.30	46.80	46.10
April	54.20	54.70	54.50-54.00
May	56.80	57.40	57.00-56.80
Nov.	70.40	70.30	70.40-70.20
Feb	82.00	82.00	—

Sales: 109 (50) lots of 40 tonnes.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Jan 513, 515, nil; Mar 518, 519, nil; May 523, 526, 526; Aug 540, 542, 542; Oct 542, 544, 544; Dec 544, 546, nil; Jan 547, 548, nil; Mar 551, 554, nil; May 557, 558, nil. Sales: 5.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Mar 581.5, 582.0; May 584.0, 591.0; July 592.0, 600.0; Oct 575.0, 590.0; Dec 584.0, 590.0; Mar 592.0, 605.0; May 596.0, 610.0; July 600.0, 630.0. Sales: 0.

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Jan	216.50	—0.37	217.00-15.00
Feb	215.50	+0.12	217.00-15.00
March	212.25	—0.25	214.00-12.00
April	210.25	—1.00	212.00-10.75
May	210.75	+0.25	218.00-10.75
June	210.00	—1.00	210.00-10.00
July	210.00	—1.00	—
Aug	209.50	—2.00	—

Turnover: 1,607 (1,123) lots of 100 tonnes.

RUBBER

PHYSICALS—The London market opened little changed, attracted little interest throughout the day and closed inactive, reports Lewis and Peat. Closing prices (buyers): Spot 63.00p, Feb 73.75p, Mar 74.50p. The Kuala Lumpur Jan fob price for RSS No 1 was 188.0 (189.0) and for SMR 20 was 182.5 (same).

SOYABEAN MEAL

The market opened unchanged to 50p higher, reports T. G. Roddick. During the afternoon February was very active and was sold heavily.

Sales: 136 lots of 20 tonnes.

	Yesterday close	+ or —	Business Done
	£ per tonne		
Feb	145.5-144.0	—	145.0-145.0
April	145.5-144.0	+0.05	—
June	144.2-145.0	—0.20	—
August	147.5-148.5	+0.75	—
October	148.5-150.5	+1.00	—
Dec	149.5-152.0	—0.25	—
Feb	150.0-155.0	—	—

SUGAR

LONDON DAILY PRICE—Raw sugar $98.00 (£85.50), up $4.00 (up £4.50) a tonne for Jan-Feb delivery. White sugar $135.00, unchanged.

Selling interest was lacking after the holidays and prices recovered in very thin trading conditions, reports C. Czarnikow.

No.6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Mar	118.4-118.6	119.0-118.2	121.0-118.4
May	126.4-126.8	126.0-126.2	127.8-126.8
Aug	138.4-138.6	135.4-136.6	137.8-135.8
Oct	145.5-145.6	145.2-145.4	144.7-145.2
Dec	149.8-151.0	150.2-150.4	—
Mar	164.4-165.0	164.4-165.0	165.0-164.2
May	171.0-172.0	171.0-172.0	—

Sales: 691 (195) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £191.00 (£186.50) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for December 31: Daily price 3.18 (3.14) 15-day average 3.42 (3.47).

U.S. MARKETS

HEATING OIL and crude oil collapsed as it is increasingly apparent that Opec will be unable to agree on any stable pricing policy, with Norway, Algeria and Nigeria on the verge of cutting their prices, reports Heinold Commodities. Precious metals were sharply lower as the deflationary environment continues. Gold and silver sold off on lower currency markets and depressed energy markets, providing no incentive for buying. Aluminium and copper prices were sharply lower on arbitrage selling, especially against the weakness in sterling, dsepite further declines in Comex stocks. Sugar prices were essentially stable in very quiet trade with no new interest on either the buying or selling side. Cocoa prices were lower with arbitrageurs accounting for the bulk of the selling. Coffee prices were under strong pressure on sales against sterling with traders ignoring the news of Brazil's suspension of export registrations. Cotton prices were moderately lower as the market awaits further indications on prospective demand. Maize prices advanced moderately on sustained heavy commercial buying which is being viewed as another leg in forward coverage against shipments to the USSR. Wheat and soyabeans were moderately lower as new export business continued to be absent.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Jan	46.00	—	—	46.70
Feb	46.40	—	—	47.10
March	46.80	47.40	46.50	47.50
May	47.60	48.15	47.55	48.30
July	48.40	48.50	48.50	49.10
Sept	49.20	49.70	49.70	49.90
Dec	50.40	50.60	50.60	51.10
Jan	50.80	—	—	51.50
March	51.60	52.00	52.00	52.30
May	52.40	—	—	53.10

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
March	2025	2035	2021	2052
May	2054	2055	2046	2074
July	2051	2054	2049	2073
Sept	2058	2053	2053	2076
Dec	2003	2015	1999	2030
March	2010	—	—	2030
May	2000	—	—	2020

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
March	141.62	42.50	41.25	42.25
May	139.66	40.40	39.45	40.25
July	138.46	39.00	38.15	39.75
Sept	136.78	37.25	36.60	37.19
Dec	135.70	36.00	35.45	36.76
March	134.01	34.50	34.50	36.00
May	133.01	—	—	35.25

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Jan	55.70	55.70	55.70	56.40
Feb	56.05	—	—	56.80
March	56.40	57.05	56.10	57.20
May	57.00	57.55	56.70	57.85
July	57.60	58.10	57.45	58.45
Sept	58.20	58.85	58.20	59.05
Dec	59.20	59.20	59.15	60.00
Jan	59.55	59.80	59.80	60.30
March	60.30	60.90	60.20	61.00
May	61.00	61.30	61.30	61.70

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	66.04	66.10	65.85	66.17
May	66.95	66.95	66.61	66.95
July	67.90	67.90	67.57	67.85
Oct	68.25	68.30	68.25	65.33
Dec	68.31	68.38	68.25	68.31
March	69.40	—	—	69.90
May	70.06	—	—	70.55

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Feb	26.00	26.20	25.86	26.41
March	25.87	26.00	25.73	26.27
April	25.75	25.83	25.58	26.12
May	25.60	25.63	25.45	26.05
June	25.50	25.50	25.30	25.94
July	25.35	25.40	25.35	25.93
August	25.40	—	—	25.91
Sept	25.40	—	—	25.91
Oct	25.40	—	—	25.91
Nov	25.40	25.40	25.40	25.91

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	302.6	303.3	302.5	307.9
Feb	304.2	307.5	303.8	309.7
March	306.2	—	—	311.7
April	308.1	311.8	307.6	313.8
June	312.6	315.6	312.0	318.5
August	317.3	—	—	323.4
Oct	322.2	—	—	328.5
Dec	327.4	331.5	327.5	333.9
Feb	332.9	336.0	336.0	339.6
April	338.5	340.0	338.0	345.4
June	344.7	349.3	349.3	351.8
August	351.0	—	—	358.3
Oct	357.6	—	—	365.2

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Feb	71.40	72.60	70.70	73.32
March	70.35	71.03	69.84	71.84
April	68.30	69.20	67.81	69.81
May	67.10	68.00	67.00	69.00
June	66.50	67.50	67.26	68.00
July	67.75	—	—	68.25

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Jan	159.35	60.90	59.25	69.95
March	162.10	64.30	62.00	63.55
May	163.25	64.80	63.25	63.90
Sept	161.50	62.30	61.50	61.70
Nov	160.75	61.50	61.50	61.10
Jan	159.25	—	—	59.50
March	159.25	—	—	59.50

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	273.7	283.5	273.0	287.7
Feb	286.0	—	—	293.1
April	279.2	289.5	279.0	293.0
July	285.7	295.0	285.0	299.8
Oct	292.7	300.5	295.5	306.9
Jan	299.9	305.0	305.0	314.2

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Jan	610.5	618.0	613.0	629.5
Feb	614.2	616.5	616.5	633.5
March	618.5	629.0	618.0	638.0
May	627.7	639.0	627.0	647.7
July	637.5	650.0	637.0	657.8
Sept	648.0	658.0	648.0	668.5
Dec	664.8	678.0	665.0	686.0
Jan	670.5	—	—	691.9
March	681.9	686.0	684.5	703.7
May	694.6	699.0	699.0	716.6

SPOT PRICES—Chicago loose lard 28.00 (same) cents per pound. New York tin 519.0-33.0 (523.0-38.0) cents per pound. Handy and Harman silver bullion 614.5 (636.0) cents per troy ounce.

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
March	4.16	4.28	4.14	4.16
May	4.48	4.59	4.45	4.46
July	4.81	4.90	4.75	4.78
Sept	5.05	5.12	5.01	5.00
Oct	5.24	5.32	5.20	5.22
Jan	5.72	5.69	5.59	5.74
March	6.23	6.28	6.18	6.22
May	6.40	—	—	6.45

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	67.42	67.50	66.82	66.67
April	68.52	68.57	68.10	67.97
June	68.35	68.37	67.85	67.85
Aug	66.40	66.45	66.20	66.15
Oct	64.32	64.40	64.05	63.95
Dec	65.60	65.60	65.35	65.30

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	53.75	53.85	53.40	53.32
April	50.37	50.60	50.15	49.97
June	54.92	54.95	54.55	54.57
July	55.32	56.37	54.80	55.00
Aug	54.22	54.37	53.80	53.95
Oct	49.60	49.70	49.20	49.25
Dec	49.72	49.75	49.35	49.30
Feb	49.00	49.50	48.45	48.95
April	46.05	46.05	46.05	46.02

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
March	270.6	272.0	269.0	269.2
May	277.0	278.2	276.0	276.4
July	281.0	282.0	279.6	280.4
Sept	277.2	278.0	276.2	277.6
Dec	273.2	274.0	272.2	273.2
March	284.4	284.6	283.2	284.5
May	291.0	291.0	290.4	291.2

PORK BELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	77.77	78.20	76.70	77.30
March	77.87	78.20	76.75	77.12
May	79.02	79.15	77.85	78.52
July	79.17	79.35	78.40	78.90
Aug	78.27	76.65	75.45	75.90
Feb	70.20	71.10	70.10	70.45
March	69.80	70.60	69.80	69.50

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
Jan	569.0	572.6	567.4	572.2
March	581.6	586.0	579.0	585.2
May	595.2	599.2	593.4	599.0
July	604.0	609.0	603.0	608.2
Aug	608.0	613.0	607.4	613.0
Sept	608.4	611.0	608.4	613.0
Nov	612.2	616.0	611.4	615.6
Jan	626.0	627.4	625.4	629.6
March	639.0	640.0	638.0	642.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Jan	138.4	139.0	137.9	139.5
March	144.0	144.8	143.6	145.4
May	149.9	150.5	149.5	151.1
July	155.1	156.0	154.8	156.0
Aug	156.5	157.5	156.5	158.0
Sept	158.7	—	—	160.0
Oct	159.5	160.5	159.5	161.0
Dec	165.7	166.5	166.0	167.0
Jan	168.00	—	—	—

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	25.71	25.86	25.60	25.72
March	24.87	24.97	24.71	24.91
May	24.58	24.65	24.40	24.61
July	24.20	24.35	24.05	24.23
Aug	23.95	24.00	23.90	24.07
Sept	23.75	23.76	23.65	23.95
Oct	23.60	23.70	23.50	23.75
Dec	23.42	23.45	23.35	23.55

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
March	346.2	347.4	345.6	347.6
May	340.2	341.2	339.4	341.0
July	333.6	334.6	333.0	334.0
Sept	335.4	335.6	355.0	335.2
Dec	345.6	346.0	344.0	345.2
March	351.0	351.0	351.0	350.4

OTHER MARKETS

COTTON

LIVERPOOL—No spot or shipment sales were recorded. Business was lethargic and traders avoided forward commitments. Users were content with existing supplies for the time being.

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 97.50p per kg lw (−2.11). GB—Sheep 189.70p per kg est dcw (−10.53). GB—Pigs 83.81p per kg lw (−1.69).

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 80.0 to 87.0: English hindquarters 103.5 to 108.0, forequarters 54.0 to 57.5. Veal—Dutch hinds and ends 123.0 to 127.0. Lamb—English small 84.0 to 92.0, medium 84.0 to 88.0, heavy 84.0 to 86.0. Scotch medium 86.0 to 88.0, heavy 84.0 to 86.0. Imported: New Zealand PL 67.5 to 68.5, PX 65.0 to 65.5. Pork—English under 100 lb 58.0 to 66.0, 100-120 lb 56.5 to 63.5, 120-160 lb 47.0 to 56.0.

PARIS

SUGAR—(FFr per tonne): Mar 1343/1345, May 1394/1396, Aug 1470/1480, Oct 1515/1525, Dec 1580/1605, Mar 1696/1710.

COCOA—(FFr per 100 kg): Mar 2061/2071, May 2081/2089, July 2085 bid, Sept 2090 bid, Dec 2080 bid, Mar 2060 bid, May 2060 bid.

ROTTERDAM

WHEAT—(U.S. $ per tonne): U.S. two soft red winter Jan 161, Feb 160.50, March 161, April 158.50: U.S. two northern spring 14 per cent protein Jan 181.60, Feb 184, March 186, April-May 172: U.S. northern spring 15 per cent protein mid-Dec/mid-Jan 195, April-May 188.50: U.S. three hard amber durum Jan 202, Feb 204, March 205, April-May 187, June 189, Sept 185; Canadian one western amber durum April-May 205.

MAIZE—(U.S. $ per tonne): U.S. three yellow afloat 131.50, Jan 130.50, Feb 131, March 131.50, April-June 133, July-Sept 135 sellers.

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Contrasting records for $ and £

The dollar rose to record levels against sterling and several other currencies, including the French franc and Italian lira, as the foreign exchanges returned to a more normal level of trading yesterday, after the Christmas and New Year break. It also touched the highest point for nearly 12 years against the D-mark at DM 3.1835 and finished at the highest closing level since the introduction of floating exchange rates in 1973, against a background of anticipated strong U.S. economic growth in 1985 and an end to the recent decline in New York interest rates.

A forecast of 4.3 per cent growth this year, published by the U.S. Department of Commerce, was a major factor underpinning the dollar, while fears of heavy intervention by the German Bundesbank receded as market conditions remained orderly.

The dollar rose to DM 3.1730 from DM 3.1540; a nine-year peak of SwFr 2.6170 from SwFr 2.6020; and all time highs of FFr 9.7050 from FFr 9.6450 and L1,948 from L1,935.50. The yen was steadier however, with the dollar advancing to only Y251.75 from Y251.55.

On Bank of England figures, the dollar's index rose to a record 145.7 from 145.0.

STERLING — Trading range against the dollar in 1984-85 is 1.4940 to 1.1485. December average 1.1873. The exchange rate index fell 0.5 to a record low of 72.5, compared with 79.0 six months ago. It opened at 72.8 and touched an all-time trading low of 72.3 at 11 am and 1 pm.

Sterling weakened against most major currencies yesterday, reflecting fears that the latest agreement by the Organisation of Petroleum Exporting Countries will fail to prevent a further weakening of world oil prices. The pound's major fall was in terms of the dollar, where the threat to the oil price structure was compounded by the general strength of the U.S. currency. It touched an all-time trading low of $1.1390-1.1400, and finished at a record closing low of $1.1480-1.1490, a fall of 1.05 cents on the day. Sterling also declined to DM 3.6450 from DM 3.65; FFr 11.16 from FFr 11.17; SwFr 3.0050 from SwFr 3.0150; and Y289 from Y291.50.

D-MARK — Trading range against the dollar in 1984-85 is 3.1730 to 2.5533. December average 3.1021. Trade-weighted index 119.7 against 125.0 six months ago.

The D-mark was weaker against most currencies at the Frankfurt fixing, but improved in terms of the pound and Swiss franc. The dollar rose to its highest level for nearly 12 years at the Frankfurt fixing of DM 3.1727, compared with DM 3.1480 on Monday. This was the highest point since January 29, 1973, but did not meet with any intervention from the German Bundesbank. There was also no sign of any attempt by the central bank to drive the dollar down on the open market. Expectations of strong U.S. economic growth in 1985 underpinned the dollar, as well as speculation that interest rates are unlikely to fall any further. Sterling fell to DM 3.6270 from DM 3.6550 and the Swiss franc to DM 1.2120 from DM 1.2140. Within the EMS the Dutch guilder rose to DM 88.60 per 100 guilders from DM 88.565, the French franc to DM 32.685 per 100 francs from DM 32.67; and the Italian lira to DM 1.6280 per 1,000 lira from DM 1.6270.

STERLING EXCHANGE RATE INDEX

(Bank of England)

	Jan 2	Previous
8.30 am	72.8	73.1
9.00 am	72.8	73.1
10.00 am	72.4	73.1
11.00 am	72.3	73.0
Noon	72.4	72.8
1.00 pm	72.3	72.9
2.00 pm	72.4	73.0
3.00 pm	72.5	73.0
4.00 pm	72.5	73.0

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu January 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	44.6444	−0.57	+0.09	±1.5428
Danish Krone	8.14104	7.96977	−2.10	−1.44	±1.6421
German D-Mark	2.24184	2.22942	−0.55	+0.11	±1.1463
French Franc	6.87456	6.82331	−0.75	−0.09	±1.3659
Dutch Guilder	2.52595	2.51638	−0.38	+0.28	±1.5165
Irish Punt	0.72569	0.714268	−1.57	−0.91	±1.6671
Italian Lira	1403.49	1368.52	−2.49	−2.39	±4.0511

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York

	January 2	Prev. close
£ Spot	$1.1455-1.1465	$1.1575-1.1590
1 month	0.14-0.12 prem	0.13-0.11pm
3 months	0.45-0.40 prem	0.37-0.34pm
12 months	0.65-0.55 prem	0.38-0.28pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

Jan 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.1380-1.1550	1.1480-1.1490	0.15-0.12c pm	1.41	0.45-0.40 pm	1.48
Canada	1.5130-1.5245	1.5150-1.5165	0.01cpm-0.08dis	−0.28	.12pm-.01ds	−0.07
Nethlnd.	4.08¾-4.13¾	4.10¾-4.11¾	1½-1¼c pm	4.01	4½-4 pm	4.07
Belgium	72.80-73.30	73.00-73.10	4-9c dis	−1.07	6-15 dis	−0.57
Denmark	12.97½-13.05½	13.02-13.03	2½-3ore dis	−2.38	4½-5½ dis	−1.61
Ireland	1.1610-1.1695	1.1650-1.1660	0.32-0.60p dis	−4.74	1.09-1.35ds	−4.19
W. Ger.	3.62-3.66	3.64-3.65	1½-1¼pf pm	4.11	4-3¾ pm	4.25
Portugal	193.30-196.90	194.10-196.90	220-595c dis	−25.10	670-1605ds	−23.35
Spain	200.05-201.45	200.30-200.60	45-60c dis	−3.14	145-175 dis	−3.19
Italy	2,222½-2241	2,234½-2,236½	6-9lire dis	−4.03	21-26 dis	−4.21
Norway	10.47½-10.52	10.51-10.52	2½-3½ore dis	−3.49	6½-7½ dis	−2.76
France	11.08¾-11.19½	11.15½-11.16½	¾-1½c dis	−1.21	1½-2½ dis	−0.76
Sweden	10.33½-10.39½	10.38-10.39	1¼-1⅞ore dis	−1.80	4-4½ dis	−1.66
Japan	287¼-290¼	288½-289½	0.10-0.08y pm	3.94	3.10-2.80 pm	4.08
Austria	25.46-25.65	25.51-25.56	6⅞-4⅞gro pm	2.44	18-14½ pm	2.56
Switz.	2.97¼-3.01¼	3.00-3.01	1⅝-1½c pm	4.99	4-3¾ pm	5.07

Belgian rate is for convertible francs. Financial franc 73.15-73.25. Six-month forward dollar 0.69-0.64c pm. 12-month 0.70-0.55c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Jan 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.1380-1.1550	1.1480-1.1490	0.15-0.12c pm	1.41	0.45-0.40 pm	1.48
Ireland†	0.9820-0.9850	0.9840-0.9850	0.55-0.52c pm	6.54	1.49-1.40 pm	5.93
Canada	1.3221-1.3235	1.3222-1.3227	0.17-0.20c dis	−1.68	0.42-0.47ds	−1.34
Nethlnd.	3.5665-3.5920	3.5790-3.5800	0.81-0.78c pm	2.66	2.55-2.52 pm	2.83
Belgium	63.45-63.70	63.50-63.60	9-10c dis	−1.79	21-23 dis	−1.39
Denmark	11.32½-11.37½	11.33½-11.34½	2½-3ore dis	−2.90	6½-7½ dis	−2.46
W. Ger.	3.1650-3.1835	3.1725-3.1735	0.78-0.73pf pm	2.81	2.44-2.39 pm	3.04
Portugal	169½-172	169¾-170¼	250-630c dis	−27.49	700-1550ds	−26.43
Spain	174.79-176.22	174.80-174.95	60-65c dis	−4.28	180-195 dis	−4.28
Italy	1,941½-1,952	1,947½-1,948½	9-9½lire dis	−5.69	26-27 dis	−5.44
Norway	9.13-9.18½	9.15¼-9.15¾	3¼-3½ore dis	−4.57	9¼-9¾ dis	−4.14
France	9.69¼-9.74	9.70¼-9.70¾	1.80-2.10c dis	−2.40	4.60-5.10ds	−1.99
Sweden	9.01-9.05½	9.03¾-9.04¼	2-2½ore dis	−2.98	6½-6¾ dis	−2.87
Japan	251.60-252.10	251.70-251.80	0.52-0.48y pm	2.38	1.60-1.55 pm	2.50
Austria	22.23½-22.34½	22.27-22.29	2.60-2.00gro pm	1.24	8½-6¾ pm	1.30
Switz.	2.6010-2.6295	2.6165-2.6175	0.96-0.90c pm	4.32	2.56-2.50 pm	3.91

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 63.70-63.80.

OTHER CURRENCIES

Jan. 2	£	$		£ Note Rates
Argentina Peso	204.29-204.65	178.65-178.81	Austria	25.50-25.80
Australia Dollar	1.4025-1.4045	1.2246-1.2255	Belgium	73.00-73.80
Brazil Cruzeiro	3,822.86-3,644.89	3,168-3,184	Denmark	12.92-13.05
Finland Markka	7.5825-7.5865	6.6150-6.6170	France	11.04-11.15
Greek Drachma	147.33-150.31	127.96-130.54	Germany	3.61-3.64
HongKong Dollar	8.9675-8.9685	7.8230-7.8250	Italy	2225-2255
Iran Rial	106.60*	94.00*	Japan	290-294
KuwaitDinar(KD)	0.34605-0.34655	0.30505-0.30515	Netherlands	4.08-4.12
Luxembourg Fr.	73.00-73.10	63.50-63.60	Norway	10.42-10.52
Malaysia Dollar	2.7978-2.8020	2.4430-2.4480	Portugal	198-205
New Zealand Dlr.	2.4185-2.4235	2.1120-2.1150	Spain	201-208
Saudi Arab Riyal	4.0965-4.1015	3.5820-3.5830	Sweden	10.29-10.39
Singapore Dollar	2.5047-2.5092	2.1660-2.1880	Switzerland	298-3.01
Sth African Rand	2.2990-2.3080	2.0120-2.0160	United States	1.13½-1.15½
U.A.E. Dirham	4.2005-4.2055	3.6720-3.6730	Yugoslavia	2.62-308

* Selling rates.

CURRENCY MOVEMENTS

Jan. 2	Bank of England Index	Morgan Guaranty Changes%
Sterling	72.5	−17.7
U.S. dollar	145.7	+31.4
Canadian dollar	90.9	−3.1
Austrian schilling	109.9	+3.2
Belgian franc	88.6	−10.4
Danish Kroner	76.1	−5.4
Deutsche mark	119.7	+5.4
Swiss franc	138.5	+9.3
Guilder	109.9	+2.9
French franc	63.3	−15.6
Lira	46.7	−13.8
Yen	155.6	+11.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Jan. 2	Bank rate %	Special Drawing Rights	Europ'n Currency Unit
Sterling	—	0.854801	0.614383
U.S. $	8	0.977548	0.701626
Canadian $	10.09	*	0.927391
Austria Sch.	4½	21.7573	15.6392
Belgian Fr.	11	62.1525	44.6444
Danish Kr.	7	11.0854	7.96977
Dmark	4½	3.10147	2.22942
Guilder	5	3.50207	2.51638
French Fr.	9½	9.50177	6.82331
Lira	16½	1907.07	1368.52
Yen	5	N/A	175.845
Norway Kr.	8	8.93674	6.44163
Span'h Pta	½	170.972	123.065
Swedish K.	9	8.82237	6.34831
Swiss Fr.	4	N/A	1.84862
Greek Dr'ch	20½	126.446	90.8816
Irish Punt	12¾	N/A	0.714268

*C$/SDR rate for December 31, 1984: N/A.

EXCHANGE CROSS RATES

Jan. 2	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.149	3.645	289.0	11.16	3.005	4.113	2235.	1.516	73.05
U.S. Dollar	0.871	1.	3.173	251.8	9.705	2.617	3.580	1948.	1.320	63.55
Deutschemark	0.274	0.315	1.	79.29	3.062	0.824	1.128	613.2	0.416	20.04
Japanese Yen 1,000	3.460	3.974	12.61	1000.	38.62	10.40	14.23	7734.	5.245	252.8
French Franc 10	0.896	1.029	3.266	259.0	10.	2.693	3.685	2003.	1.358	65.46
Swiss Franc	0.333	0.382	1.213	96.17	3.714	1.	1.369	743.8	0.504	24.31
Dutch Guilder	0.243	0.279	0.886	70.27	2.714	0.731	1.	543.5	0.369	17.76
Italian Lira 1,000	0.447	0.514	1.631	129.3	4.993	1.345	1.840	1000.	0.678	32.68
Canadian Dollar	0.660	0.758	2.406	190.7	7.362	1.982	2.713	1474	1.	48.19
Belgian Franc 100	1.369	1.572	4.990	395.6	15.28	4.114	5.630	3060.	2.075	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 2	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	9⅜-9⅝	8¾-8⅞	9½-9¾	5 11/16-5 13/16	5-5¼	5⅝-5¾	10⅞-11⅛	13-14	10½-11	10½-10¾	6 1/16-6⅛	11¾-12¼
7 days' notice	9 7/16-9 9/16	8 11/16-8 13/16	9½-9¾	5 11/16-5 13/16	5-5¼	5⅝-5¾	10 11/16-10 15/16	14-15	10½-11	10½-10¾	6 1/16-6 3/16	12-12½
Month	10 1/16-10 3/16	8 11/16-8 13/16	9 11/16-10	5 11/16-5 13/16	4½-4⅝	5 9/16-5 11/16	10¾-10⅞	13⅞-14⅜	10½-11	10⅝-10⅞	6⅛-6¼	11⅝-12⅛
Three months	10¼-10⅜	8¾-8⅞	9 15/16-10⅛	5¾-5⅞	4 5/16-4 7/16	5 9/16-5 11/16	10¾-10⅞	14-14½	10½-11	10⅝-10⅞	6 5/16-6 7/16	11⅝-12⅛
Six months	10 5/16-10 7/16	9 3/16-9 5/16	10 1/16-10¼	5 11/16-5 13/16	4 5/16-4 7/16	5⅝-5¾	11-11⅛	14⅛-14½	10½-11	10⅝-10⅞	6⅛-6¼	11½-12
One year	10⅝-10¾	9 5/16-9 7/16	10⅛-10 5/16	5½-5⅝	4¾-4⅞	5⅝-5¾	11 5/16-11 9/16	14¼-14¾	10½-11	10⅝-10⅞	6⅛-6¼	11⅝-11⅞

Asian $ (closing rates in Singapore): Short-term 8 7/16-8 9/16 per cent; seven days 8 7/16-8 9/16 per cent; one month 8⅜-8½ per cent; three months 8⅝-8¾ per cent; six months 9⅛-9¼ per cent; one year 9 11/16-9 13/16 per cent. Long-term Eurodollars: two years 10⅝-10⅞ per cent; three years 11¼-11½ per cent; four years 11¼-11½ per cent; five years 11½-11¾ per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Weaker trend

Prices were marked down in the London International Financial Futures Exchange yesterday in predominantly thin trading. Sterling based instruments suffered as a result of the pound's fall to record levels and a corresponding mark up in cash rates while Euro-dollar futures suffered on the prospect of a rise in U.S. money supply and higher Federal fund rates.

U.S. money supply figures due for release today are expected to show a rise in M1 of around $4bn according to market estimates and this combined with firmer cash rates to depress prices in the futures market. The March Euro-dollar contract opened at 90.52 down from 90.58 and closed near to the day's low at 90.48.

U.S. Treasury bonds were similarly affected with the March contract dipping to a low of 70-17 from an opening level of 71-00 before closing at 70-19 down from 71-14 on Monday.

Sterling's fall to record lows against the dollar and on its exchange rate index prompted a nervous mark up in cash rates and futures prices lost ground accordingly. The gilt contract for March delivery opened at 106-01 down from 106-10 and closed at 105-20 while the three-month sterling deposit for March delivery slid to 89.40 from 89.71, having opened at 89.61.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
March	90.48	90.54	90.47	90.58
June	89.90	89.94	89.90	90.00
Sept	89.42	89.47	89.39	89.53
Dec	88.95	89.05	88.99	89.03
March	88.63	—	—	88.69

Est. volume 2,357 (1,309)
Previous day's open int. 9,998 (9,438)

THREE-MONTH STERLING
£250,000 points of 100%

	Close	High	Low	Prev
March*	89.40	89.61	89.40	89.71
June*	89.32	89.55	89.32	89.63
Sept*	89.26	89.38	89.26	89.45
Dec*	89.18	—	—	89.31
March*	89.14	—	—	89.19

Est. volume 1,137 (327)
Previous day's open int. 5,524 (5,521)
* £500,000 points of 100%

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
March	105-20	106-02	105-18	106-10
June	105-01	—	—	105-23
Sept	107-26	—	—	108-16
Dec	107-16	—	—	108-20
March	107-06	—	—	108-02

Est. volume 2,202 (973)
Previous day's open int. 3,584 (3,980)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) −10 to −2 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.1443	1.1485	1.1375	1.1568
June	1.1417	1.1463	1.1350	1.1551
Sept	1.1415	1.1415	1.1380	1.1551

Est. volume 1,939 (42)
Previous day's open int. 4,264 (4,266)

DEUTSCHE MARKS DM 125,000
$ per DM

	Close	High	Low	Prev
March	0.3169	0.3175	0.3163	0.3169

Est. volume 51 (nil)
Previous day's open int. 133 (133)

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.3847	—	—	0.3874

Est. volume nil (nil)
Previous day's open int. 113 (133)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.3988	0.3988	0.3987	0.3993

Est. volume 8 (nil)
Previous day's open int. 123 (123)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Dec	—	—	—	122.95
March	121.60	122.95	121.50	123.15
June	127.80	—	—	122.95

Est. volume 194 (135)
Previous day's open int. 1,098 (1,107)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	70-19	71-01	70-17	71-14
June	69-28	—	—	70-23

Est. volume 821 (223)
Previous day's open int. 1,378 (1,327)

CHICAGO

U.S. TREASURY BONDS (CBT) $100,000
32nds of 100 per cent

	Latest	High	Low	Prev
March	70-18	71-02	70-16	70-02
June	69-28	70-11	69-25	70-11
Sept	69-08	69-22	69-07	69-23
Dec	68-23	69-02	68-21	69-06
March	—	68-78	68-07	68.24
June	67-27	68-04	67-27	68-12
Sept	67-16	68-00	67-16	68-12
Dec	67-01	67-21	67-07	67-24
March	66-31	67-13	66-31	67-16
June	66-24	67.06	66-24	67-09

U.S. TREASURY BILLS (IMM) $1m
points of 100 per cent

	Latest	High	Low	Prev
March	91.67	91.70	91.64	91.65
June	91.16	91.19	91.14	91.16
Sept	90.73	90.75	90.71	90.72
Dec	—	—	—	—
March	90.01	90.01	90.01	90.04
June	89.75	89.77	89.76	89.76
Sept	89.50	89.50	89.50	89.51
Dec	90.35	90.39	90.34	92.21

CERT. DEPOSIT (IMM) $1m points of 100 per cent

	Latest	High	Low	Prev
Dec	89.30	—	89.30	91.75
March	90.87	90.91	90.86	90.87
June	90.28	90.32	90.28	90.28

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100 per cent

	Latest	High	Low	Prev
March	90.46	90.52	90.47	90.48
June	89.89	90.01	89.89	89.88
Sept	—	89.41	89.38	89.38
Dec	87.89	87.69	—	88.95
March	88.60	88.61	88.60	88.60
June	88.28	88.28	88.28	88.26
Sept	87.98	87.98	—	87.96

STERLING (IMM) $ per £

	Latest	High	Low	Prev
March	1.1410	1.1450	1.1385	1.1540
June	1.1385	1.1425	1.1360	1.1530
Sept	1.1400	1.1400	1.1350	1.1625
Dec	—	—	—	1.1520

GNMA (CBT) 8 per cent $100,000 32nds of 100 per cent

	Latest	High	Low	Prev
March	68-18	68-22	68-15	68-14
June	67-27	67-28	67-22	67-22
Sept	67-09	67-09	67-07	67-05
Dec	—	—	—	68-21
March	—	—	—	—
June	—	—	—	66-24

MONEY MARKETS

UK rates firm on sterling's fall

Interest rates were marked up in the London money market yesterday as sterling fell to record lows. Three-month interbank money rose to 10-10 1/16 per cent from 9⅞-10 1/16 per cent and three-month eligible bank bills were bid at 9⅝ per cent compared with 9 7/16 per cent. Overnight interbank money opened at 9½-9¾ per cent and eased to a low of 9 per cent before touching a high of 12 per cent. Late balances were taken at 11 per cent.

The Bank of England forecast a shortage of around £850m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £584m and Exchequer transactions a further £290m. In addition, banks brought balances £50m below target. On the other hand there was a fall in the note circulation of £25m. To help alleviate the shortage, the Bank offered an early round of assistance totalling £423m and comprising purchases of £15m of eligible bank bills in band 2 (15-33 days) at 9⅝ per cent and £114m in band 3 (34-63 days) at 9½ per cent. In band 4 (64-91 days) it bought £79m of Treasury bills, £60m of local authority bills and £155m of eligible bank bills all at 9½ per cent.

The Bank revised its forecast to a shortage of around £950m before taking into account the early help and gave additional assistance in the morning of £339m, comprising purchases of £44m of eligible bank bills in band 2 at 9⅝ per cent and in band 3 £9m of Treasury bills, £6m of local authority bills and £182m of eligible bank bills all at 9½ per cent. In band 4 it bought £25m of Treasury bills, £14m of local authority bills and £259m of eligible bank bills all at 9½ per cent.

The forecast was revised again to £900m and help in the afternoon came to £77m, making a total of £839m. The afternoon help comprised purchases of £47m of eligible bank bills in band 1 (up to 14 days) at 9⅝ per cent and £2m in band 2 at 9⅝ per cent. In band 3 it bought £18m of local authority bills at 9½ per cent and in band 4 £5m of Treasury bills and £5m of local authority bills all at 9½ per cent.

UK clearing banks' base lending rate 9½-9¾ per cent since November 23.

MONEY RATES

Jan. 2	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.5-5.6	11¼	2⅝-2⅞	5⅝-5¾	6.53125	16⅞-17¼	6.40	13½-14
One month	5.7-5.9	10¾-10⅞	4 5/16-4 7/16	5⅝-5¾	6.34375	16⅞-17⅛	10⅝-10⅞	14¾-15
Two months	5.60-5.75	10 13/16-10 15/16	—	—	—	—	—	14½-15
Three months	5.70-5.85	10 11/16-10 13/16	4 5/16-4 7/16	5⅝-5¾	6.28125	16⅞-17⅛	10⅝-10⅞	14¾-15
Six months	5.65-5.80	10 11/16-10 13/16	—	5¾-5⅞	—	—	10⅝-10⅞	14½-14¾
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	10¾	—	5¾	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Jan. 2 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	9-12	9¼-9⅝	9¾	9-9½	—	—	—	—	—
2 days notice	—	—	9⅝-9½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	9¼-9¾	9⅝	9¾	9¼-9⅝	—	—	—	—	—
One month	9¾-9⅝	9 13/16-9 15/16	9⅝	9½-10	9⅝	9½	9⅜	9½	9⅜	10⅛
Two months	10-9⅞	9¾-10⅛	10	10¼	9⅝	9½	9 7/16	9½	9 7/16	10⅛
Three months	10⅛-10	10-10 1/16	10⅛	10⅛	9⅝	9 7/16	9 7/16	9½	9⅜	10⅛
Six months	10⅜-10 5/16	10 5/16-10 7/16	10⅛	—	—	—	—	9⅞	9⅝	10½
Nine months	10½-10⅜	10¼-10⅝	—	—	—	—	—	—	—	—
One year	10½-10⅜	10 9/16-10 11/16	10⅝	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	10⅛-10	—	9¾	8.25-8.35	7 11/16-8 1/16	9¼-9½
Two months	10⅜-10	—	10⅛	8.35-8.45	7 13/16-8 3/16	9 5/16-9½
Three months	10½-10⅛	—	10¼	8.4-8.5	8-8¼	9 5/16-9½
Six months	10⅝-10⅛	—	10½	8.85-8.95	8 9/16-8 13/16	9 7/16-9 9/16
Nine months	10⅞-10½	—	10⅝	9.25-9.45	—	—
One year	10⅞-10½	—	10⅝	9.65-9.85	8¾-9	9⅝-9⅞
Two years	—	10⅝	—	—	—	—
Three years	—	10⅝	—	—	—	—
Four years	—	10⅞	—	—	—	—
Five years	—	11	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of interest period December 5 1984 to January 1 1985 (inclusive): 9.913 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 10 per cent from January 1, 1985. London and Scottish Clearing Bank Rates for lending 9½-9¾ per cent. London Deposit Rates for sums at seven days' notice 6-6¼ per cent. Treasury Bills: Average tender rates of discount 9.1225 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 9¾ per cent; one-three months 10 per cent; three-six months 10¼ per cent; six-nine months 10¼ per cent; nine-12 months 10¼ per cent. Under £100,000 9½ per cent from November. Deposits held under Series 5 10 per cent. The rate for all deposits withdrawn for cash 7 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. January 2)
3 months U.S. dollars

bid 8 3/16 | offer 8 11/16

6 months U.S. dollars

bid 9 1/16 | offer 9 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10¾
Broker loan rate	9¾-10
Fed funds	8¾
Fed funds at intervention	8¾

Treasury Bills

One month	7.80
Two month	7.60
Three month	7.82
Six month	8.17
One year	8.47

Treasury Bonds

Two year	99¾
Three year	101 5/32
Four year	99 1/32
Five year	99 1/16
Seven year	102 11/32
10 year	99 23/32
30 year	101 7/32

Company Notices

MANAGEMENT: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

Japan's newspapers

An expensive and damaging conflict

Richard Tomkins on a circulation war

JAPANESE NEWSPAPERS are in the thick of a circulation war. Here, however, the name of the game is not bingo but *oshigami*: literally, push-paper, but in plain English, the hard sell.

The fighting tactics have become sufficiently dirty for Japan's Fair Trade Commission to deliver a stiff warning to the newspapers and their distributors to stop the feuding or risk legal reprisals.

The chances are that the warning will be ignored, for among the prizes which the victor in this war carries off is the coveted title of the biggest selling newspaper in the world.

Japan's population of 119m has a voracious appetite for newspapers. Daily sales last year averaged 66.78m and the diffusion rate, at 563 papers per 1,000 people or 1.82 copies per household, is the world's highest.

Only the Soviet Union has a higher total circulation, at 102.46m a day. The U.S. is third with 62.22m, West Germany is next with 25.97m, and Britain follows with 25.22m.

One of the main factors lying behind Japan's high circulation figures is its distribution system. The vast majority of newspapers — 92.5 per cent — are sold not at news stands but by monthly subscription and are delivered by each newspaper's distributors to subscribers' homes.

The figures are also boosted by the fact that the national and bigger local newspapers publish both morning and afternoon editions, so that subscribers get two deliveries a day. If both editions are counted as one newspaper, the national circulation figure falls to 47.04m.

Until 1983 Japanese newspapers had enjoyed an almost uninterrupted growth in circulation since 1945. This was partly because of the country's rapid increase in population, partly because of growing economic prosperity, and partly because of educational reforms which resulted in a high adult literacy rate (now at over 99 per cent).

This period saw intense competition for new readers not only among the national newspapers, which were busily setting up regional offices and printing plants to extend their local coverage, but between the nationals and the local dailies which, with the help of the news agencies were also covering national and international news.

Given the nature of the distribution system, one of the most effective ways of winning new readers was to lure would-be subscribers with gifts or introductory offers of free or cut-rate newspapers.

Although illegal under the fair trading laws this practice was relatively harmless as long as the total market grew. In the last few years, however, as the population increase has levelled out and economic growth has slowed, the market's saturation point has approached: in 1983 daily sales stopped their steady climb and went into reverse, falling by 2 per cent from the previous year's record average daily sales total of 68.14m.

The result is that the circulation war has now turned into a cut-throat conflict in which the newspapers are fighting not for new readers but for each other's. It is an expensive and damaging battle in which newspapers are constrained from raising cover prices for fear of losing market share while at the same time they are faced with the punitive costs of persuading readers to change their allegiances.

There are five national newspapers, all similar in appearance, all broadsheet, and all running to about 24 pages in the morning and 12 in the afternoon.

With the average daily sales of their morning editions alone, they are Yomiuri Shimbun (8.91m), a populist newspaper generally supportive of the conservative Liberal Democratic government; Asahi Shimbun (7.48m), roughly equivalent to The Guardian and regarded as the intellectuals' newspaper; Mainchi Shimbun (4.21m), somewhere between the two; Nihon Keizai Shimbun, known as Nikkei (2.09m), Japan's Financial Times; and Sankei Shimbun, a conservative newspaper popular with small businessmen.

Page forming on a VDU at the highly computerised Asahi Shimbun

The combined circulation of Yomiuri's morning and afternoon editions stood at 13.74m *in October and has earned it* a place in the Guinness Book of Records as the world's highest circulation newspaper.

Yomiuri's relentless determination to get to the top and stay there has often been blamed for the savagery of the circulation war. It outstripped Asahi to get to this position in the mid-1970s under the presidency of the charismatic Mitsuo Mutai, a man whose appetite for ever-higher sales is regarded in the industry as insatiable. Now aged 88 and honorary chairman of Yomiuri, he is still the driving force behind the newspaper's marketing campaign.

In this highly competitive climate few newspapers dare jeopardise their market share by standing aloof from the sort of sales tactics which have attracted the attention of the Fair Trade Commission (Nikkei is a notable exception).

Oshigami is one such tactic. By its strict definition it describes the system whereby newspapers send their distributors more copies of the paper than were ordered. The distributor is forced to use whatever means he can to find customers for the extra copies because he has to pay for them; he dare not return them unsold for fear of incurring the wrath of the newspaper and losing his distribution contract. For the 70 per cent of distributors who have exclusive contracts with one newspaper, this would mean the loss of their livelihood.

Consequently it is not just the newspaper companies but also their distributors who are involved in aggressive marketing tactics. Both are involved in sending out door-to-door canvassers offering discounts on new subscriptions or free gifts.

Fickle subscribers could go a long way towards furnishing their households with some lures available: pots and pans, porcelain tea sets, carpets, bedding and even colour television sets have been offered. At the cheaper end of the scale, vouchers which can be exchanged at off-licences and free tickets to baseball games have proved popular.

Last time these unlawful trading practices reached a crescendo, in 1982, the Fair Trade Commission contrived to bring about a truce. The result was the following year's fall in circulation.

This was enough to frighten the newspaper companies into a fresh bout of war-mongering last year culminating in the commission's latest warning on October 31 that improper premiums must stop.

Eventually, however, it may be the squeeze on newspapers' profits rather than the largely ineffectual warnings of the Fair Trade Commission which brings the latest battle in the circulation war to a halt.

Financial difficulties seem to loom on all fronts. Sales growth has come to a halt; no one has dared raise cover prices (generally Y70. or 24p) since 1980 for fear of losing market share; and advertisers, who have plenty of other media to choose from, are fed up with bailing the newspapers out of their difficulties by paying ever-rising rates.

Meanwhile the cost of maintaining armies of canvassers to give away newspapers and furnish subscribers' houses is considerably greater than the extra income they produce.

The newspaper companies do not release individual profit and loss figures but many of the local dailies are said to be in trouble. Of the nationals, Mainichi, the main victim of Yomiuri's rise in circulation, has already been through bankruptcy and is still in difficulties, and Sankei probably survives more because it derives income from other business activities than because it is profitable in itself.

Nikkei and Asahi have both faced the heavy cost of computerising their production but both are said to be profitable because of their ability to command high advertising rates. Yomiuri makes money but its promotion is expensive and it has to face the cost of introducing new technology between now and 1987.

Increasingly newspapers are looking to other sources of income to help them cover their costs. *The major publishers* are also diversified media concerns whose business lines include book and magazine publishing, sponsorship of cultural exhibitions and running educational courses.

All the nationals have substantial television interests and all are eyeing the opportunities presented by cable television and the new media. Nikkei in particular is already well on the way to becoming an information industry centred on its newspapers.

A truce in the circulation war could bring the rise in cover prices which the newspapers need to restore their profitability; but on past experience the peace would be unlikely to last.

At the time of the last price rise in 1980 all the nationals put publisher's announcements on their front pages solemnly declaring that the circulation war was over for good. Within months the fur was flying as it had never flown before.

Another boom year beckons

European advertising should continue to grow. Feona McEwan reports.

A CONTINUED boom in advertising expenditure throughout Europe is the cheering New Year prospect for the advertising industry. And the UK is tipped to enjoy the biggest real growth, predicted to be 23 per cent between 1983 and 1987.

However, while the UK and West Germany together account for almost half the $24bn ad spend in 1983 in 16 West European countries (representing some 350m consumers), Finland tops the per capita ad spend league at $185. This is more than double the European average of $70 and well ahead of Britain's $104, where it is sixth in the league. Indeed, Finland's spend represents 2 per cent of its gross national product and 3.5 per cent of its total consumer expenditure, which is double the European average.

These are just some of the findings in a comprehensive report* just published by Euromonitor, the consumer market analyst, which looks like becoming a reference guide for all those whose business is international advertising. The report assesses advertising expenditure patterns in 16 West European countries, examining historical trends of media spending between 1978 and 1983, with market forecasts to 1986.

There is a detailed rundown on the different media spending patterns of each country and the volume is punctuated by more than 250 tables, much of the data being previously unpublished. The report is based on six months of extensive research carried out in the first half of 1984. Besides the national profile, there is a complete pan-European overview with growth forecasts and projected spending to 1987.

Significantly, the report finds only the foetal stages of a supranational approach to advertising with market differences (such as expenditure levels and media used) between countries still prevalent. The pan-European approach is most obvious in the airwaves media, that is television and radio.

It cites the considerable overspill of television advertising in continental Europe into neighbouring countries so that you find West German television advertising being viewed in Austria, Switzerland, the Netherlands, Denmark and France. French television advertising is seen in Belgium and Switzerland, and Dutch television advertising can be viewed in Belgium.

Denmark, which has no television advertising, was receiving West German television advertising in just under one-third of its homes by the end of 1983, a fact which advertising planners take note of. In addition to this, satellite, which is still only in its infancy, is received in over 85,000 Norwegian homes via the UK-based Sky Channel, 305,000 homes in Switzerland and some 1,000 hotel rooms in France.

The report finds support for a significant trend to narrowcasting in the overall decline of the daily press, despite its continued dominance in most countries, while on the other hand trade and technical press and special interest consumer magazines flourish and directories boom.

In countries where TV advertising is restricted there is, not surprisingly, evidence of direct mail playing a major role. In the Netherlands, for instance, where TV advertising is permitted for only 15 minutes a day, and that on either side of the news, which makes it highly avoidable, direct mail accounts for 29 per cent of the advertising budget. In countries where no radio or television advertising is allowed — Denmark and Sweden — the medium accounts for almost one-third of budget.

According to the report, outdoor advertising is another medium under fire. As well as the political status of television as an advertising medium, outdoor advertising is influenced by the degree of urbanisation in a country.

So, in environmentally conscious nations with relatively low urbanisation, such as Norway and Finland, the spend is small, 1.1 per cent and 1.2 per cent respectively. In Belgium, however, where 90 per cent of the population are urban dwellers, the figure is 12.5 per cent and in France, where around 70 per cent live in towns, it is 15 per cent.

In general, though, outdoor advertising appears to be declining throughout Europe as countries respond to environmental considerations to some extent. Though the industry may have halted the decline with new tactics (such as aiming for the motorists rather than for the rail or bus traveller) it looks unlikely to be able to reverse it.

More fuel to the debate on all-channel television advertising comes with Euromonitor's view that "with developments in advertising patterns as much a matter of politics as economics, it seems unlikely that anywhere in Europe can the new development of the television age for long be financed by licence contributions alone."

**Advertising in Western Europe by Euromonitor Publications, 87-88 Turnmill Street, London EC1, £360 per copy.*

EUROPEAN COMPARISONS: ADVERTISING EXPENDITURE BY MEDIA 1983

	Press	Outdoor	Cinema	Radio	Television	Direct	Other	Total
Austria	153.0	21.2	—	40.6	94.4	30.9	—	340.1
Belgium	265.7	56.2	5.5	1.3	43.1	81.6	—	453.4
Denmark	321.3	12.6	3.5	—	—	189.5	46.8	573.7
Finland	602.8	11.2	2.3	—	75.4	95.7	99.1	886.5
France	1,407.0	376.9	50.3	226.1	452.3	251.3	157.0	2,920.9
Greece	47.4	1.9	0.5	7.6	71.5	2.4	1.3	132.6
Ireland	44.0	4.8	1.2	14.3	33.3	3.6	—	101.2
Italy	858.6	102.1	20.4	162.8	654.3	111.7	132.8	2,042.7
Netherlands	1,047.3	59.1	9.1	18.2	81.1	542.2	50.3	1,807.3
Norway	407.2	5.8	4.6	—	—	139.1	23.1	579.8
Portugal	11.2	1.4	1.4	11.2	20.3	0.7	0.5	46.7
Spain	533.7	41.7	13.3	143.4	323.5	100.0	233.5	1,389.1
Sweden	387.1	21.9	5.2	—	—	258.1	—	672.3
Switzerland	545.5	51.6	6.1	1.9	61.0	42.3	141.3	849.7
United Kingdom	2,954.5	181.8	25.8	122.7	1,465.2	575.8	512.1	5,837.9
West Germany	3,685.2	166.7	41.7	209.1	517.4	606.4	—	5,226.5
TOTAL	13,271.5	1,116.9	190.9	959.2	3,892.8	3,031.3	1,397.8	23,860.4

Unit: $ m — Source: Euromonitor

TECHNOLOGY

EDITED BY ALAN CANE

MACHINES REPLACE MEN IN NUCLEAR REACTOR CLEANING OPERATION

Robots stay cool in the hot spots

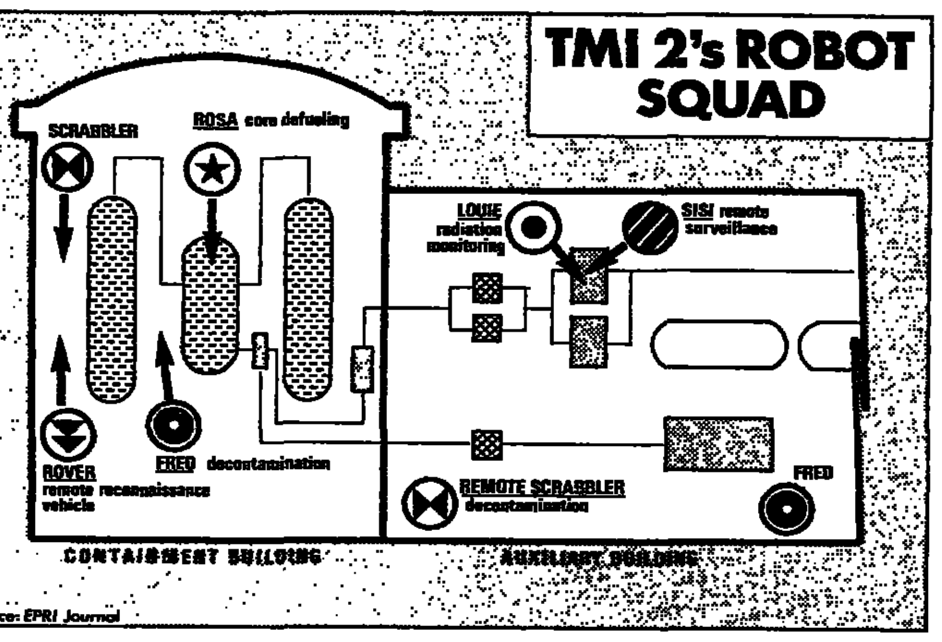
BY DAVID FISHLOCK, SCIENCE EDITOR

A SQUAD of six unique robots with names like Fred and Louie have each been assigned roles in the clean-up of the Three Mile Island 2 nuclear reactor, damaged in a loss-of-coolant accident nearly six years ago. The stricken plant is turning into a test-bed for ingenious industrial robots expected to find work aplenty in the care and maintenance of the 100-odd nuclear reactors running or under construction in the U.S.

The robot squad illustrates what John Taylor of the Electric Power Research Institute, Palo Alto, California, sees as a bright future for intelligent, multi-purpose robots to work in areas of high radiation. No-one will resent their intrusion —"the jobs they will be doing are not sought after by humans," Taylor says.

EPRI is the co-operative research centre of the U.S. electricity supply industry. John Taylor is head of its nuclear power division, which has a key role in the TMI 2 clean-up. He subdivides nuclear industry robots into two types: single-purpose machines of scant intelligence, and reprogrammable, multi-purpose machines having some degree of artificial intelligence. Radiation can be *lethal* for either kind unless their electronics are designed to resist it.

The first category have reached a reasonable level of maturity, he says. The accompanying sketch of TMI 2 shows the areas assigned to robots falling into this category.



Source: EPRI Journal

First on site was SISI, an 11 kg remotely - controlled tracked vehicle which takes photographs and can measure radiation levels. It works in the region of reactor coolant water treatment systems, where the filters are highly contaminated with radiation picked up from the partially melted reactor core.

Then came Fred, a six-wheeled remotely-controlled robot weighing 180 kg, clutching a high-pressure water spray. Fred has an arm that can lift 68 kg, with a reach of 1.8 metres. It uses the spray to flush contamination from the walls and floor of a pump cubicle in the basement of the auxiliary building.

Louie has come from the Westinghouse Hanford laboratories to monitor radiation levels while the highly irradiated ion-exchange resins are flushed out of TMI's water purification system. Its forte here is not its ability to lift 450 kg, but the fact that its electronics and TV cameras have been "hardened" against radiation levels which have reached 3,000 rad per hour.

Rover is a robot EPRI itself has funded at the Carnegie-Mellon University's civil engineering and construction robotics laboratory. This remote reconnaissance vehicle (RRV) has been designed to enter the dark and dank basement of the TMI reactor containment building, which is highly contaminated with radio-active sludge from the spillage of some 600,000 gallons of radio-active water in 1979.

The 450 kg RRV will be remotely-controlled through an umbilical that uncoils and rewinds as it goes, to minimise *drag*. Two people crew the RRV from up to 150m away. One steers and also trains its TV cameras, while the other handles the umbilical.

Altogether, three RRVs are being developed under the jointly-funded TMI recovery project. The second has been fitted with a "scrabbling" machine for scraping away contaminated layers of concrete, and a vacuum system for extracting the debris. The third RRV remains at the robotics laboratory awaiting further ideas from the project team—such as the development of a robot that can collect samples from the walls and structure of the containment building.

The latest robot to join the TMI squad will be Rosa, a Westinghouse robot (remotely operated service arm), designed to perform such tasks as inspection under water inside a reactor pressure vessel. Rosa is proposed by the recovery team as the robot to remove damaged fuel from the core, a task they hope to begin this year.

In the second and smarter category of robot, EPRI is evaluating two prototypes for nuclear environments. One is IRIS, an untethered industrial remote inspection system, battery-operated and travelling on a tracked transporter. Its great virtue is seen as its ability to avoid obstacles and so pick its way through a cluttered environment. The idea is to give it enough on-board intelligence for it to find its way back again should it lose its normal control signals.

Most advanced of all EPRI's robots, however, is Odex, a six-legged free-walking machine with the strength to lift more than five times its own weight of 168kg. Odex, built by Odetics Inc, has independent micro-processor control of each leg, with a seventh computer to co-ordinate overall movement. Odex can be operated either by a remote operator or remote computer. It can pirouette through 360 degrees while simultaneously advancing in any direction. It can stand tall and narrow or sink to low squat, to squeeze through a restricted entry.

The big incentive for nuclear robotics is simply the high cost of using people in a high-radiation environment. The U.S. Nuclear Regulatory Commission estimates that every man-rem of radiation exposure has a value to the electricity company of $1,000. Some utilities put it at five times this figure.

A study made by Battelle for EPRI of reactor cavity clean-up and maintenance tasks suggests that a robot would pay off in just over a year. Health physics surveillance by robot would pay off in less than four years.

JVC and Sony to star in battle of the formats

Video & Film

BY JOHN CHITTOCK

FOR MEDIA watchers, 1984 may have seemed quite a confusing year to sort out. The film, cinema and cable TV industries in the UK are all reeling — partly due to fiscal changes. RCA pulling out of video discs; Kodak entering video when in previous years the very word wouldn't pass their lips and Rediffusion selling its TV rental to Granada (and its cable business to Robert Maxwell). And much more.

Yet if 1984 ushered in the winds of change, it is likely that 1985 will be the year in which the gales arrive and some unresolved matters come close to the day of reckoning.

The video industry alone provides a saga of uncertainties. One of the top issues must be the VCR battle between the forces of Sony and JVC. The latter, with its VHS format, dominates the market—in the UK VHS penetration is now hovering close to 80 per cent of all VCRs. The remainder are nearly all Beta format machines of which Sony's own Betamax is the best known. Sony's attempt to narrow the VHS lead through the introduction of hi fi Beta has done little to change the situation, especially with companies such as Panasonic and JVC themselves introducing VHS in hi-fi versions.

The problem for Sony has not been ameliorated by getting its Beta Movie camcorder to the UK market five months before the rival VHS Video Movie. There is no evidence that Beta Movie has been a roaring success—it has the disadvantage of being larger than Video Movie, the wrong format (less than 20 per cent of VCR homes have Beta machines available for playback) and with no electronic viewfinder it is not possible to play back recordings at the time they are made.

The VHS Video Movie has none of these handicaps and is smaller and neater than Beta Movie. Its arrival in the shops last November, however, provided the real test. Both JVC and Ferguson (who each have their own branded units) claim an insatiable demand from dealers—with all stocks gone, and Harrods reportedly selling its entire stock of 54 units in the first two days.

Another interesting development is the decision of Radio Rentals to provide Video Movie camcorders on rental. It was decisions like this in the rental business that gave VHS such a boost in the early days of the VCR.

There lies another problem which is looming large in 1985 — the future of the TV rental business in Britain. When the rental of TV sets declined a few years ago, the VCR came along with a welcome boost, and at one time 70 per cent of Britain's VCR's were rented. But that figure is now down to 36 per cent.

With their acquisition of the Rediffusion chain of shops, Granada TV Rental is clearly undaunted by such changes. The traditional TV rental shop could begin to undergo a metamorphosis in 1985—developing its strengths as a service centre where tapes can be bought and rented, video cameras hired for shorter terms than VCRs (for holidays for example) and maybe technical back-up offered of a calibre unavailable in the conventional retail outlet.

As part of this limbering up process, Rediffusion is selling off ex-rental machines of the Beta format and Granada say the group will in future confine itself to VHS. That bad news for Sony is not helped by Granada's confidence in the potential of video cameras as a new rental product—either as camcorders or two-unit outfits, but conforming to VHS format.

The camcorder is a perfect product for the British rental philosophy—too expensive for consumers to buy (£1,000), subject to technical change and the threat of another standard (8mm video), and a totally new experience for the consumer. As with the VCR when it first arrived, the public will take time to realise what they are missing—but as they begin to discover that they too can make sound movies, very cheaply, there could be another boom to lift the rental business out of its gloom.

Hovering uncertainly in the wings remains the video disc. But the fact is, it is doing much better than popularly realised, largely because of a burgeoning interest from industrial users. For example, Lloyds Bank have just announced details of their LaserVision video disc network —1,500 branches are to be equipped with players in a £4m distance learning project.

This exemplifies how the rival disc formats of LaserVision and VHD look set to compete more strongly in 1985. In the UK, Thorn EMI has various plans to give VHD a push, sensitive to the headlines which LaserVision has been capturing (and sensitive, too, to my recent suggestion that they were "struggling;" trying harder may seem more appropriate). But VHD is going to need a great deal of muscle and talent to keep up with LaserVision, albeit qualities which the Thorn EMI team can supply in abundance.

The more prominent struggle in 1985 is clearly going to be between cable television and direct broadcast satellite. The debate surrounding these technologies seems to arouse a greater disparity of views than Trident, and with budgets of similar proportions. A new study from Systems Dynamics recently published—Cable and Satellite—sees these issues as the major topics of the 1990s; but predicts that DBS will succeed at the expense of cable.

Yet others would claim that DBS depends on cable to succeed. The notion that consumers really will pay a few hundred pounds (or more) for a dish aerial (if a suitable site for it is available) just to receive perhaps two extra channels—when cable can offer 30—seems unrealistic. But cable operators will happily relay DBS to viewers as part of the service. All they need first is a fiscal fillip from the government in 1985 to make it worthwhile.

Common to all of these issues remain the moving pictures, the offspring of the film industry. That sector is also struggling, despite the multi-million dollar headlines, and its earnest hope for 1985 is that the government will relent and introduce a levy on blank videotapes to help the business upon which video relies so heavily. There are signs that resistance to the levy is lessening, and 1985 could see this become a new source of seed money for the industry.

With DBS and cable TV trying to keep their costs down, perhaps money will be the big issue of 1985. That will certainly be the case for the satellite business, for whom even Old Moore's Almanack seems to have an allegorical warning with its news that Halley's comet arrives in November. This, it notes, is traditionally associated with difficult economic conditions, political disturbance and outbreaks of disease.

Manufacturing

Talk about integration

ADVANCED MANUFACTURING techniques in both mechanical and electronic engineering will be covered in a comprehensive two day conference to be mounted in both London (January 31 and February 1) and Paris (February 4 and 5).

Sponsored by the Technical Marketing Society of America (01-242 4045), the London event will be held at the Royal Aeronautical Society. In Paris the venue is the Palais de la Congres.

The 20 speakers are from industry, consultancies, academia and the armed services, mainly from the U.S. but with several contributions from the UK and Germany.

The main subject areas will be strategic planning for and application of computer integrated manufacturing (CIM), "just in time" production, flexible manufacturing systems and expert systems in manufacturing. Five of the second day papers will deal with integrated manufacturing in the electronics industry—a subject not widely exposed in manufacturing conferences so far.

Instruments

Thin film stability

CEL Instrumentation of Basingstoke, Hampshire, is claiming outstanding stability from its BHL-4200 series of strain gauge pressure transducers and transmitters through its use of sputtered thin film technology.

It says this method ensures a combination of high performance, mechanical integrity, stability and ruggedness not available using other technologies.

The stability derives from a true molecular bond obtained with the sputtering process, the use only of ceramic and metal materials and the ability to weld the stainless steel sensor directly into the structure of the transducer. More on 0256 20244.